

# EXHIBIT B-1

## *Client Guide*

# **GMAC RFC**

**Version 1-03-G04**

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37-501-1003 (10/01/03)

# GMAC-RFC

Page 1

Client Guide  
Table of Contents

## Table of Contents

---

### Chapter 1 Introduction

100	GMAC-RFC Objective . . . . .	1.1
101	Client Contractual Obligations . . . . .	1.1
102	Single Contract . . . . .	1.1
103	Relationship of GMAC-RFC and Client . . . . .	1.2
104	Client ID Number . . . . .	1.2
105	GMAC-RFC Loan Number . . . . .	1.2
106	Servicer Contractual Obligations . . . . .	1.2
107	Notice . . . . .	1.3
108	Hours of Operation and Holidays . . . . .	1.3
109	Client Guide Organization . . . . .	1.3
110	General Rules of Interpretation . . . . .	1.4
111	Client Guide Online . . . . .	1.5
112	Headings and Definitions . . . . .	1.5
113	Form Numbering . . . . .	1.5
114	Use of Client's Name . . . . .	1.6
115	Use of GMAC-RFC Name and Service Marks . . . . .	1.6
116	Assetinfo . . . . .	1.6

---

### Chapter 2 Client Eligibility

200	Client Eligibility . . . . .	2.1
201	Eligibility Standards . . . . .	2.2
202	Client Contract . . . . .	2.3
203	Client Underwriting Responsibilities . . . . .	2.3
204	Continuing Client Obligations . . . . .	2.4
205	Disqualification, Suspension or Inactivation . . . . .	2.4
206	Reporting Requirements . . . . .	2.5
207	Audits and Inspections . . . . .	2.6
208	Disclosure of Information . . . . .	2.6
209	Maintenance of Records . . . . .	2.6
210	Disclosure of Borrower Information . . . . .	2.7
211	Quality Control . . . . .	2.7

## GMAC-RFC

---

# Chapter 2A Representations, Warranties and Covenants

<b>A200</b>	<b>Client Representations Warranties and Covenants</b>	<b>2A.1</b>
<b>A201</b>	<b>Specific Representations, Warranties and Covenants Concerning Client</b>	<b>2A.2</b>
<b>A202</b>	<b>Specific Representations, Warranties and Covenants Concerning Individual Loans</b>	<b>2A.5</b>
<b>A203</b>	<b>Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program</b>	<b>2A.15</b>
<b>A204</b>	<b>Non-Standard Documents</b>	<b>2A.17</b>
<b>A205</b>	<b>Proof of Compliance</b>	<b>2A.18</b>
<b>A206</b>	<b>Integrity of Information</b>	<b>2A.19</b>
<b>A207</b>	<b>Third-Party Originators</b>	<b>2A.19</b>
<b>A208</b>	<b>Events of Default</b>	<b>2A.20</b>
<b>A209</b>	<b>Remedies of GMAC-RFC</b>	<b>2A.21</b>
<b>A210</b>	<b>Repurchase</b>	<b>2A.22</b>
<b>A211</b>	<b>Disqualification Suspension or Inactivation</b>	<b>2A.27</b>
<b>A212</b>	<b>Indemnification</b>	<b>2A.28</b>
<b>A213</b>	<b>Right of Set-Off</b>	<b>2A.29</b>
<b>A214</b>	<b>Merger or Consolidation of Client</b>	<b>2A.29</b>
<b>A215</b>	<b>Notification of Changes in Client Status</b>	<b>2A.30</b>

---

# Chapter 2B Discontinued Loans

<b>B200</b>	<b>Discontinued Loans</b>	<b>2B.1</b>
-------------	---------------------------	-------------

## GMAC-RFC

Page 3

Client Guide  
Table of Contents

---

### Chapter 3 Loan Eligibility

300	Loan Seasoning . . . . .	3.1
301	Occupancy . . . . .	3.1
302	Borrower Eligibility . . . . .	3.3
303	Required Signatures . . . . .	3.5
304	Loans to One Borrower . . . . .	3.6
305	Ownership Interests . . . . .	3.6
306	Transaction Types . . . . .	3.11
307	Arm's Length Transaction . . . . .	3.15
308	Inherited Properties . . . . .	3.15
309	Determining Amount to be Financed . . . . .	3.16
310	Calculating LTV Ratios . . . . .	3.17
311	Financing Closing Costs . . . . .	3.19
312	Secondary or Subordinate Financing . . . . .	3.20
313	Sales Concessions or Home-seller Subsidy . . . . .	3.21
314	Documentation . . . . .	3.21
315	Age of Documents . . . . .	3.22
316	Note Requirements . . . . .	3.24
317	Loan Documents . . . . .	3.26
318	Escrow Issues . . . . .	3.28
319	Temporary Buydowns . . . . .	3.29
320	Current Payment History . . . . .	3.31
321	Property Issues . . . . .	3.31
322	Eligible Property Locations . . . . .	3.31
323	Texas Equity Loans . . . . .	3.32
324	Eligible Property Types . . . . .	3.36
325	Ineligible Property Types . . . . .	3.40
326	Project Requirements for Warrantable Condominiums and PUDs . . . . .	3.41
327	Insurance Requirements . . . . .	3.45
328	Survey Requirements . . . . .	3.60

## GMAC-RFC

---

### Chapter 4 Underwriting

400	Underwriting . . . . .	4.1
401	Client Underwriting Responsibility . . . . .	4.1
402	GMAC-RFC Underwriting Review . . . . .	4.1
403	Loan Application Analysis . . . . .	4.2
404	Credit Report Requirements . . . . .	4.2
405	Credit Score Requirements . . . . .	4.3
406	Selecting Credit Score . . . . .	4.3
407	Minimum Credit History . . . . .	4.4
408	Credit Evaluation Overview . . . . .	4.5
409	Credit Evaluation Components . . . . .	4.5
410	Upgrading the Credit Grade . . . . .	4.13
411	Borrower Income . . . . .	4.16
412	Borrower's Liabilities . . . . .	4.16
413	Debt Payoff . . . . .	4.17
414	Co-Signed Debt . . . . .	4.17
415	Divorce Debt . . . . .	4.17
416	Business Debt . . . . .	4.17
417	Borrower Capacity . . . . .	4.17
418	Student Loan . . . . .	4.18
419	Qualifying Ratios . . . . .	4.18
420	Electronic Documentation Standards . . . . .	4.20
421	Employment and Income Analysis . . . . .	4.21
422	Income Documentation Standards . . . . .	4.21
423	Income Types . . . . .	4.24
424	Wage Earners . . . . .	4.24
425	Self-Employed Income . . . . .	4.28
426	Fixed Income . . . . .	4.32
427	Rental Income . . . . .	4.34
428	Other Income . . . . .	4.35
429	Trailing or Relocating Co-Borrower . . . . .	4.42
430	Cash to Close . . . . .	4.42
431	Collateral Property Underwriting . . . . .	4.47
432	Appraiser Requirements . . . . .	4.47
433	Appraisal Requirements . . . . .	4.48
434	Appraisal Evaluation . . . . .	4.51
435	Additional Review Considerations . . . . .	4.61

## GMAC-RFC

Page 5

Client Guide  
Table of Contents

---

### Chapter 4A Assetwise

400	Overview .....	4A.1
401	Client Responsibilities and Exclusions .....	4A.1
402	Assetwise Approvals .....	4A.2
403	Delivery Process .....	4A.3
404	Assetwise Documentation Set .....	4A.4

---

### Chapter 5 Products

500	Product Descriptions .....	5.1
501	Fixed-Rate Mortgages (FRM) .....	5.3
502	Adjustable Rate Mortgages (ARM) .....	5.6
503	Balloon Mortgages .....	5.57

---

### Chapter 6 Loan Programs

600	Loan Programs .....	6.1
601	Mortgage Insurance Requirements for Loans Originated in New York .....	6.2

---

### Chapter 6A Jumbo A Loan Program

A600	Jumbo A Program .....	6A.1
A601	Eligibility Standards .....	6A.1
A602	Jumbo A, Stated Income Documentation .....	6A.9
A603	EasyFi <sup>SM</sup> or Streamline Refinance .....	6A.12
A604	Converted and/or Modified Loans—Contemplated by Original Note .....	6A.18
A605	Converted and/or Modified Loans—Not Contemplated by Original Note .....	6A.20

## GMAC-RFC

---

### Chapter 6B Expanded Criteria Loan Program

<b>B600</b>	<b>Expanded Criteria Program</b>	<b>6B.1</b>
<b>B601</b>	<b>Eligibility Standards</b>	<b>6B.1</b>
<b>B602</b>	<b>Expanded Criteria, 100% Combo Loan</b>	<b>6B.14</b>
<b>B603</b>	<b>Expanded Criteria, Uninsured LTV</b>	<b>6B.17</b>
<b>B604</b>	<b>Expanded Criteria, Stated Income Documentation</b>	<b>6B.19</b>
<b>B605</b>	<b>Expanded Criteria, Stated Income/Stated Asset Documentation</b>	<b>6B.24</b>
<b>B606</b>	<b>Expanded Criteria, No Ratio</b>	<b>6B.27</b>
<b>B607</b>	<b>Expanded Criteria, No Income/No Asset</b>	<b>6B.32</b>

---

### Chapter 6C Home Solution Loan Program

<b>C600</b>	<b>Home Solution Program</b>	<b>6C.1</b>
<b>C601</b>	<b>Eligibility Standards</b>	<b>6C.1</b>
<b>C602</b>	<b>Home Solution Stated Income Documentation</b>	<b>6C.9</b>

---

### Chapter 6E AlterNet/Credit Gap Loan Program

<b>E600</b>	<b>AlterNet/Credit Gap Program</b>	<b>6E.1</b>
<b>E601</b>	<b>Eligibility Standards</b>	<b>6E.1</b>
<b>E602</b>	<b>Underwriting</b>	<b>6E.8</b>
<b>E603</b>	<b>Maximum Loan Amounts</b>	<b>6E.13</b>

---

### Chapter 6F Performance Loan Program

<b>F600</b>	<b>Performance Loan Program</b>	<b>6F.1</b>
<b>F601</b>	<b>Eligibility Standards</b>	<b>6F.1</b>



## GMAC-RFC

Page 7

Client Guide  
Table of Contents

---

### Chapter 6G Home Equity Loan Program

G600 Home Equity Program .....	6G.1
G601 Home Equity Program, Stated Value .....	6G.13
G602 Home Equity Program, Stated Income Documentation .....	6G.14
G603 Supplemental Home Equity Information .....	6G.15
G604 Home Equity Program Goal Line <sup>SM</sup> Product Description .....	6G.19
G605 Home Equity Program Goal Loan <sup>SM</sup> Description .....	6G.23

---

### Chapter 6H 125 CLTV Loan Program

H600 125 CLTV Loan Program .....	6H.1
----------------------------------	------

---

### Chapter 7 At-A-Glances

700 Program At-A-Glances .....	7.1
--------------------------------	-----

## GMAC-RFC

---

### Chapter 8 Servicing Released

800	Servicing Released .....	8.1
801	Program Overview .....	8.1
802	Designated Servicer .....	8.2
803	Contractual Obligations .....	8.2
804	Program Eligibility .....	8.2
805	Disqualification Suspension or Inactivation .....	8.2
806	Restrictions on Loan Eligibility .....	8.3
807	Record Maintenance .....	8.3
808	Final Documents .....	8.3
809	Disclosure of Information; Cooperation .....	8.4
810	Client Representations and Warranties; Events of Servicer Default Prior to Transfer .....	8.4
811	Specific Warranties and Covenants .....	8.4
812	Notification of Change in Servicer .....	8.8
813	Escrow Account for Postponed Improvements/Repairs .....	8.9
814	Interest on Escrows .....	8.9
815	Termination of Automatic Payment .....	8.9
816	Purchase of Servicing .....	8.9
817	Servicing Released Submission of Purchase .....	8.9
818	Required Servicing Documents .....	8.10
819	Sale Date and Effective Date of Servicing Transfer .....	8.11
820	Reconciliation by GMAC-RFC .....	8.12
821	Notification of Purchase .....	8.14
822	Monies Paid for Servicing Released .....	8.14
823	Monies Due Client .....	8.15
824	Monies Due Designated Servicer .....	8.16
825	Loans Paid in Full .....	8.17
826	Servicing Document Corrections .....	8.17
827	Bulk Servicing Acquisitions .....	8.18
828	Subservicing Election .....	8.18

## GMAC-RFC

Page 9

Client Guide  
Table of Contents

### Chapter 9 Commitment and Delivery

900	Commitment and Delivery—First Mortgage Product	9.1
901	Commitment Rate, Fee and Price Information	9.1
902	Authorized Rates and Prices	9.1
903	Electronic Loan Data Delivery	9.1
904	Wire Transfer Authorization	9.2
905	Notification of Wire Transfer	9.2
906	Best Efforts	9.3
907	Commitment Rate and Price Information	9.3
908	Best Efforts Delivery Commitment Periods	9.4
909	Best Efforts Servicing Options	9.5
910	Commitment Amounts and Variance	9.5
911	Ordering Best Efforts Delivery Commitment	9.6
912	Mandatory Delivery Commitments	9.7
913	Mandatory Delivery Servicing Options	9.7
914	Commitment Amounts	9.7
915	Ordering Mandatory Delivery Commitments	9.8
916	Delivery Under Mandatory Delivery Commitment	9.8
917	Corrections and Substitutions	9.9
918	Buyouts and Extensions	9.9
919	Over-Delivery Procedures	9.10
920	Mandatory Delivery Commitment Expirations	9.10
921	Transferability of Commitments	9.11
922	Delivery for Funding	9.11
923	Submission of Funding Documents	9.11
924	Required Funding Documents	9.12
925	Required Servicing Documents for First Mortgage Deliveries	9.15
926	Obligation to Sell Upon Submission of Funding Documents	9.15
927	Loan Purchase	9.16
928	Wire Transfer Process	9.16
929	Funding Amount	9.16
930	Notification of Wire Transfer	9.18
931	Payoff Prior to Funding Date	9.19
932	Loans Paid in Full	9.19
933	Failure to Comply with GMAC-RFC Remittance Requirements	9.20
934	Final Document Delivery	9.21
935	Submission of Final Documents	9.21
936	Required Final Documents	9.22
937	Extensions for Final Delivery	9.22
938	Request for Additional Documentation	9.23
939	Commitment and Delivery Registration for Goal Lines of Credit	9.23
940	Commitment and Delivery Registration for Goal Loan and 125 CLTV Closed-End Second Mortgages	9.26
941	Assetinfo	9.30
942	MERS Loan Registration, Transfer and Delivery Requirements	9.30

Page 10

Client Guide  
Table of Contents

## GMAC-RFC

---

# Chapter 10 Definitions

---

# Chapter 11 Forms

**1110 Required GMAC-RFC Forms . . . . . 11.1**

# 2A

## GMAC-RFC

Page 2A.2

10/01/03

Client Guide  
Representations,  
Warranties and  
Covenants

### A201

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#### Specific Representations, Warranties and Covenants Concerning Client

##### **(A) Due Organization; Good Standing; Licensing**

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client and, in any event, Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each [Funding Date](#).

##### **(B) Authority**

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### **(C) Ordinary Course of Business**

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

**2A**  
Page 2A.3  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

## 2A GMAC-RFC

Page 2A.4

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

### **(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

### **(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

### **(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

### **(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

### **(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

2A

Page 2A.5  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A202

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy Of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, [Funding Documents](#), Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.



# 2A

## GMAC-RFC

Page 2A.6

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/ [Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

Client makes the responsible lending representations, warranties and covenants set out below. These representations, warranties and covenants are in addition to, and not in substitution for, Client's representations, warranties and covenants, made elsewhere in this Client Guide. All Loans must comply with all applicable federal, State, and local laws. All Loans must be originated and serviced according to GMAC-RFC standards contained in this Client Guide.

#### **(1) Certain "High Cost" Loans Prohibited**

No Loan is a [Discontinued Loan](#). In general, a Discontinued Loan is:

- A Loan subject to HOEPA/Section 32;
- A purchase money Loan on a consumer's principal residence that exceeds the "points and fees" or APR triggers of HOEPA and Section 32;
- An open-end line of credit on a consumer's principal residence that exceeds the "points and fees" or APR triggers of HOEPA and Section 32; or
- A Loan with terms that trigger high-cost mortgage laws or regulations in certain States, counties or cities regardless of whether the originator qualifies for an exemption.

See [Chapter 2B](#), Discontinued Loans, for the complete definition of [Discontinued Loans](#).

**2A**  
Page 2A.8

**GMAC-RFC**

10/01/03

Client Guide

**Representations,  
Warranties and  
Covenants**

## **(2) Prohibited Terms and Practices on all Loans sold to GMAC-RFC**

A Loan may not violate any of the following prohibited terms and practices:

- (a) No financing of pre-paid insurance products. No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) Prepayment penalties. A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) Reporting to credit bureaus. Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) Increased interest rate. A Loan may not provide for an increase in the interest rate after default.

## **(K) Title Insurance**

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the **Security Instrument** is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the **Mortgaged Premises** are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

## **(L) Title Guaranty Certificate In Iowa**

As to each Loan secured by **Mortgaged Premises** located in the State of Iowa, and if an American Land Title Association (**ALTA**) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

## GMAC-RFC

2A

Page 2A.9  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Client Guide, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the [Mortgaged Premises](#) in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the [Mortgaged Premises](#), and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The [Mortgaged Premises](#) are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the [Mortgaged Premises](#). The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

# 2A

## GMAC-RFC

Page 2A.10

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(R) Casualty Insurance**

The improvements upon the **Mortgaged Premises** are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The **Security Instrument** requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. As of the **Funding Date**, the market Value of the **Mortgaged Premises** is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

### **(U) Enforceability; Enforcement Provisions**

Each Note and **Security Instrument** constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the **Mortgaged Premises**, including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the **Security Instrument** and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

## GMAC-RFC

2A

Page 2A.11  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any [Security Instrument](#) that is a deed of trust.

### **(Y) Execution Of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each [Mortgaged Premises](#) involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.



2A  
Page 2A.12

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(DD) Client And Originators**

The Client either is an institution insured by [FDIC](#) which is supervised and examined by a federal or State authority, or is a [HUD](#) approved mortgagee, and was so at the time the Loan was originated. The Loan either was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is an institution insured by FDIC and supervised and examined by a federal or State authority, or is a [HUD](#) approved mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator"), or (iii) closed in the name of a Loan broker under the circumstances described in the following sentence: If the Loan was originated through a Loan broker, the originator approved the Loan prior to funding by the Loan broker and the originator acquired the Loan from the Loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment Of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section of this Client Guide.

### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

## GMAC-RFC

2A

Page 2A.13  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud Or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.



**2A**  
Page 2A.18

**GMAC-RFC**

10/01/03

Client Guide

**Representations,  
Warranties and  
Covenants**

## **A206**

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### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

## **A207**

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### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations
- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of [Delinquency](#)

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

## GMAC-RFC

### **A208**

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#### **Events of Default**

Any one or more of the following events constitute an **Event of Default**:

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in the Eligibility Standards Chapter of this Client Guide), terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the **Disqualification Suspension or Inactivation** Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of **Servicer** Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

**2A**  
Page 2A.20

**GMAC-RFC**

10/01/03

Client Guide

**Representations,  
Warranties and  
Covenants**

## **A209**

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### **Remedies of GMAC-RFC**

#### **(A) Non-Exclusive, Cumulative Remedies**

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same [Event of Default](#)
- Any other rights which it may have at law or in equity

#### **(B) Waiver Of Defaults**

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

#### **(C) Survival of Remedies**

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage [Note](#) or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an **Event of Default** has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's **Servicer** as a result of an **Event of Default**. This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent **Loan Documents** to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the **Servicer** of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

**2A**  
Page 2A.22

**GMAC-RFC**

10/01/03

Client Guide

**Representations,  
Warranties and  
Covenants**

### **(B) Repurchase Price of First Mortgage Programs**

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for **Servicing Rights**), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary **Servicer** in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the **Buyouts and Extensions** Section of this Client Guide; plus
- In the event that GMAC-RFC or any of its **Affiliates** is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the **Mortgaged Premises** to an unrelated third party.

The **Designated Servicer** will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the **Mortgaged Premises** at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however **Scheduled Principal Balance** shall be substituted for the actual principal balance.

## GMAC-RFC

2A

Page 2A.23  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any **Servicer** or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its **Affiliates** is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the **Mortgaged Premises** will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the **Mortgaged Premises** as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.24

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Premium](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Premium be greater than the original Servicing Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase as a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.25  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(F) Substitution**

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### **(G) Cost Of Transfer Fees Due To Repurchase**

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### **(H) Notice and Appeal**

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.



## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-2

## GMAC-RFC

# 1-04-G01

Effective: January 1, 2004

# Client Guideline

Enclosed is the Client Guideline. The purpose of the Client Guideline is to identify enhancements, clarifications and changes to the Client Guide and to give notice that the Client Guide has been amended. All clarifications and changes are effective for Commitments taken on or after January 1, 2004, unless otherwise noted.

The actual enhancements, clarifications and changes can be found in the pages of the Client Guide indicated below. Residential Funding Corporation ("GMAC-RFC") is pleased to announce the following enhancements, clarifications and changes:

### Chapter 1, Introduction

- Clarified Updates and Amendments section ([Page 1.4](#))

### Chapter 2A, Representations, Warranties and Covenants

- Clarified Notification of Changes in Client Status section ([Page 2A.28](#))

### Chapter 2B, Discontinued Loans

- Added California covered Loans ([Page 2B.2](#)) (*Effective on Loans that close on or after January 1, 2004*)
- Amended Illinois high risk Loans ([Page 2B.3](#))
- Added Maryland covered Loans ([Page 2B.3](#)) (*Effective on Loans that close on or after January 1, 2004*)
- Added New Jersey home Loans ([Page 2B.4](#))
- Added South Carolina high-cost home Loans ([Page 2B.5](#))

### Chapter 3, Loan Eligibility

- Clarified home-seller guidelines for purchase mortgage transactions ([Pages 3.11, 3.15](#))
- Updated incidental cash back on rate/term transactions ([Page 3.12](#))
- Clarified how GMAC-RFC determine's Value for Home Equity programs ([Page 3.18](#))
- Added requirement that AVMs must be dated within 180 days of the Note ([Page 3.22](#))
- Clarified requirements for small condominium projects and condominium conversion projects ([Pages 3.38, 3.42, 3.45, 3.46](#))
- Updated hazard insurance requirements ([Page 3.48](#))
- Moved mortgage insurance requirements from other sections of the Client Guide to Chapter 3 ([Page 3.51](#))

# GMAC-RFC

Page 1

Client Guide  
Table of Contents

## Table of Contents

---

### Chapter 1, Introduction

100	GMAC-RFC Objective	1.1
101	Client Contractual Obligations	1.1
102	Single Contract	1.1
103	Relationship of GMAC-RFC and Client	1.2
104	Client ID Number	1.2
105	GMAC-RFC Loan Number	1.2
106	Servicer Contractual Obligations	1.2
107	Notice	1.3
108	Hours of Operation and Holidays	1.3
109	Client Guide Organization	1.3
110	General Rules of Interpretation	1.4
111	Client Guide Online	1.5
112	Headings and Definitions	1.5
113	Form Numbering	1.5
114	Use of Client's Name	1.5
115	Use of GMAC-RFC Name and Service Marks	1.6
116	Assetinfo	1.6

---

### Chapter 2, Client Eligibility

200	Client Eligibility	2.1
201	Eligibility Standards	2.2
202	Client Contract	2.3
203	Client Underwriting Responsibilities	2.3
204	Continuing Client Obligations	2.4
205	Disqualification, Suspension or Inactivation	2.4
206	Reporting Requirements	2.5
207	Audits and Inspections	2.6
208	Disclosure of Information	2.6
209	Maintenance of Records	2.6
210	Quality Control	2.7

## GMAC-RFC

---

# Chapter 2A, Representations, Warranties and Covenants

<b>A200</b>	<b>Client Representations Warranties and Covenants</b>	<b>2A.1</b>
<b>A201</b>	<b>Specific Representations, Warranties and Covenants Concerning Client</b>	<b>2A.2</b>
<b>A202</b>	<b>Specific Representations, Warranties and Covenants Concerning Individual Loans</b>	<b>2A.5</b>
<b>A203</b>	<b>Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program</b>	<b>2A.14</b>
<b>A204</b>	<b>Non-Standard Documents</b>	<b>2A.16</b>
<b>A205</b>	<b>Proof of Compliance</b>	<b>2A.17</b>
<b>A206</b>	<b>Integrity of Information</b>	<b>2A.18</b>
<b>A207</b>	<b>Third-Party Originators</b>	<b>2A.18</b>
<b>A208</b>	<b>Events of Default</b>	<b>2A.19</b>
<b>A209</b>	<b>Remedies of GMAC-RFC</b>	<b>2A.20</b>
<b>A210</b>	<b>Repurchase</b>	<b>2A.21</b>
<b>A211</b>	<b>Disqualification Suspension or Inactivation</b>	<b>2A.26</b>
<b>A212</b>	<b>Indemnification</b>	<b>2A.27</b>
<b>A213</b>	<b>Right of Set-Off</b>	<b>2A.28</b>
<b>A214</b>	<b>Merger or Consolidation of Client</b>	<b>2A.28</b>
<b>A215</b>	<b>Notification of Changes in Client Status</b>	<b>2A.28</b>

---

# Chapter 2B, Discontinued Loans

<b>B200</b>	<b>Discontinued Loans</b>	<b>2B.1</b>
-------------	---------------------------	-------------

## GMAC-RFC

Page 3

Client Guide  
Table of Contents

---

### Chapter 3, Loan Eligibility

300	Loan Seasoning	3.1
301	Occupancy	3.1
302	Borrower Eligibility	3.4
303	Required Signatures	3.5
304	Multiple Loans to One Borrower	3.6
305	Ownership Interests	3.6
306	Transaction Types	3.11
307	Arm's Length Transaction	3.15
308	Inherited Properties	3.16
309	Determining Amount to be Financed	3.16
310	Calculating LTV Ratios	3.17
311	Financing Closing Costs	3.19
312	Secondary or Subordinate Financing	3.20
313	Sales Concessions or Home-seller Subsidy	3.21
314	Documentation	3.21
315	Age of Documents	3.22
316	Note Requirements	3.24
317	Loan Documents	3.26
318	Escrow Issues	3.28
319	Temporary Buydowns	3.30
320	Current Payment History	3.31
321	Property Issues	3.31
322	Eligible Property Locations	3.32
323	Texas Equity Loans	3.33
324	Eligible Property Types	3.37
325	Ineligible Property Types	3.41
326	Project Requirements for Warrantable Condominiums and PUDs	3.42
327	Insurance Requirements	3.48
328	Survey Requirements	3.63

## GMAC-RFC

---

### Chapter 4, Underwriting

400	Underwriting	4.1
401	Client Underwriting Responsibility	4.1
402	GMAC-RFC Underwriting Review	4.1
403	Loan Application Analysis	4.2
404	Credit Report Requirements	4.2
405	Credit Score Requirements	4.3
406	Selecting Credit Score	4.3
407	Minimum Credit History	4.4
408	Credit Evaluation Overview	4.5
409	Credit Evaluation Components	4.5
410	Upgrading the Credit Grade	4.13
411	Borrower Income	4.16
412	Borrower's Liabilities	4.16
413	Debt Payoff	4.17
414	Co-Signed Debt	4.17
415	Divorce Debt	4.17
416	Business Debt	4.17
417	Borrower Capacity	4.17
418	Student Loan	4.17
419	Qualifying Ratios	4.18
420	Electronic Documentation Standards	4.20
421	Employment and Income Analysis	4.21
422	Income Documentation Standards	4.21
423	Income Types	4.24
424	Wage Earners	4.25
425	Self-Employed Income	4.29
426	Fixed Income	4.33
427	Rental Income	4.35
428	Other Income	4.36
429	Trailing or Relocating Co-Borrower	4.42
430	Cash to Close	4.43
431	Collateral Property Underwriting	4.48
432	Appraiser Requirements	4.48
433	Appraisal Requirements	4.49
434	Appraisal Evaluation	4.52
435	Additional Review Considerations	4.62

## GMAC-RFC

Page 5

Client Guide  
Table of Contents

---

### Chapter 4A, Assetwise

<b>A400</b>	<b>Overview</b>	<b>4A.1</b>
<b>A401</b>	<b>Client Responsibilities and Exclusions</b>	<b>4A.1</b>
<b>402</b>	<b>Assetwise Approvals</b>	<b>4A.2</b>
<b>403</b>	<b>Delivery Process</b>	<b>4A.3</b>
<b>404</b>	<b>Assetwise Documentation Set</b>	<b>4A.4</b>

---

### Chapter 5, Products

<b>500</b>	<b>Product Descriptions</b>	<b>5.1</b>
<b>501</b>	<b>Fixed-Rate Mortgages (FRM)</b>	<b>5.3</b>
<b>502</b>	<b>Adjustable Rate Mortgages (ARM)</b>	<b>5.6</b>
<b>503</b>	<b>Balloon Mortgages</b>	<b>5.57</b>

---

### Chapter 6, Loan Programs

<b>600</b>	<b>Loan Programs</b>	<b>6.1</b>
------------	----------------------	------------

---

### Chapter 6A, Jumbo A Loan Program

<b>A600</b>	<b>Jumbo A Program</b>	<b>6A.1</b>
<b>A601</b>	<b>Eligibility Standards</b>	<b>6A.1</b>
<b>A602</b>	<b>Jumbo A, Stated Income Documentation</b>	<b>6A.9</b>
<b>A603</b>	<b>EasyFi<sup>SM</sup> or Streamline Refinance</b>	<b>6A.12</b>
<b>A604</b>	<b>Converted and/or Modified Loans—Contemplated by Original Note</b>	<b>6A.18</b>
<b>A605</b>	<b>Converted and/or Modified Loans—Not Contemplated by Original Note</b>	<b>6A.20</b>



## GMAC-RFC

---

### Chapter 6B, Expanded Criteria Loan Program

<b>B600</b>	<b>Expanded Criteria Program</b>	<b>6B.1</b>
<b>B601</b>	<b>Eligibility Standards</b>	<b>6B.1</b>
<b>B602</b>	<b>Expanded Criteria, 100% Combo Loan</b>	<b>6B.14</b>
<b>B603</b>	<b>Expanded Criteria, Uninsured LTV</b>	<b>6B.17</b>
<b>B604</b>	<b>Expanded Criteria, Stated Income Documentation</b>	<b>6B.19</b>
<b>B605</b>	<b>Expanded Criteria, Stated Income/Stated Asset Documentation</b>	<b>6B.24</b>
<b>B606</b>	<b>Expanded Criteria, No Ratio</b>	<b>6B.27</b>
<b>B607</b>	<b>Expanded Criteria, No Income/No Asset</b>	<b>6B.32</b>

---

### Chapter 6C, Home Solution Loan Program

<b>C600</b>	<b>Home Solution Program</b>	<b>6C.1</b>
<b>C601</b>	<b>Eligibility Standards</b>	<b>6C.1</b>
<b>C602</b>	<b>Home Solution Stated Income Documentation</b>	<b>6C.9</b>

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

<b>E600</b>	<b>AlterNet/Credit Gap Program</b>	<b>6E.1</b>
<b>E601</b>	<b>Eligibility Standards</b>	<b>6E.1</b>
<b>E602</b>	<b>Underwriting</b>	<b>6E.8</b>
<b>E603</b>	<b>Maximum Loan Amounts</b>	<b>6E.13</b>

---

### Chapter 6F, Performance Loan Program

<b>F600</b>	<b>Performance Loan Program</b>	<b>6F.1</b>
<b>F601</b>	<b>Eligibility Standards</b>	<b>6F.1</b>

---

### Chapter 6G, Home Equity Loan Program

<b>G600</b>	<b>Home Equity Program</b>	<b>6G.1</b>
<b>G601</b>	<b>Home Equity Program, Stated Value</b>	<b>6G.13</b>
<b>G602</b>	<b>Home Equity Program, Stated Income Documentation</b>	<b>6G.14</b>
<b>G603</b>	<b>Supplemental Home Equity Information</b>	<b>6G.15</b>
<b>G604</b>	<b>Home Equity Program Goal Line<sup>SM</sup> Product Description</b>	<b>6G.19</b>
<b>G605</b>	<b>Home Equity Program Goal Loan<sup>SM</sup> Description</b>	<b>6G.23</b>

## GMAC-RFC

Page 7

Client Guide  
Table of Contents

---

## Chapter 6H, 125 CLTV Loan Program

<b>H600 125 CLTV Loan Program</b>	<b>6H.1</b>
-----------------------------------	-------------

---

## Chapter 7, At-A-Glances

<b>700 Program At-A-Glances</b>	<b>7.1</b>
---------------------------------	------------

---

## Chapter 8, Servicing Released

<b>800 Servicing Released</b>	<b>8.1</b>
<b>801 Program Overview</b>	<b>8.1</b>
<b>802 Designated Servicer</b>	<b>8.2</b>
<b>803 Contractual Obligations</b>	<b>8.2</b>
<b>804 Program Eligibility</b>	<b>8.2</b>
<b>805 Disqualification Suspension or Inactivation</b>	<b>8.2</b>
<b>806 Restrictions on Loan Eligibility</b>	<b>8.3</b>
<b>807 Record Maintenance</b>	<b>8.3</b>
<b>808 Final Documents</b>	<b>8.3</b>
<b>809 Disclosure of Information; Cooperation</b>	<b>8.3</b>
<b>810 Client Representations and Warranties; Events of Servicer Default Prior to Transfer</b>	<b>8.4</b>
<b>811 Specific Warranties and Covenants</b>	<b>8.4</b>
<b>812 Notification of Change in Servicer</b>	<b>8.8</b>
<b>813 Escrow Account for Postponed Improvements/Repairs</b>	<b>8.9</b>
<b>814 Interest on Escrows</b>	<b>8.9</b>
<b>815 Termination of Automatic Payment</b>	<b>8.9</b>
<b>816 Purchase of Servicing</b>	<b>8.9</b>
<b>817 Servicing Released Submission of Purchase</b>	<b>8.9</b>
<b>818 Required Servicing Documents</b>	<b>8.9</b>
<b>819 Sale Date and Effective Date of Servicing Transfer</b>	<b>8.11</b>
<b>820 Reconciliation by GMAC-RFC</b>	<b>8.12</b>
<b>821 Notification of Purchase</b>	<b>8.14</b>
<b>822 Monies Paid for Servicing Released</b>	<b>8.14</b>
<b>823 Monies Due Client</b>	<b>8.15</b>
<b>824 Monies Due Designated Servicer</b>	<b>8.16</b>
<b>825 Loans Paid in Full</b>	<b>8.17</b>
<b>826 Servicing Document Corrections</b>	<b>8.17</b>
<b>827 Bulk Servicing Acquisitions</b>	<b>8.18</b>
<b>828 Subservicing Election</b>	<b>8.18</b>

## GMAC-RFC

---

### Chapter 9, Commitment and Delivery

900	Commitment and Delivery—First Mortgage Product	9.1
901	Commitment Rate, Fee and Price Information	9.1
902	Authorized Rates and Prices	9.1
903	Electronic Loan Data Delivery	9.1
904	Wire Transfer Authorization	9.2
905	Notification of Wire Transfer	9.2
906	Best Efforts	9.2
907	Commitment Rate and Price Information	9.3
908	Best Efforts Delivery Commitment Periods	9.4
909	Best Efforts Servicing Options	9.5
910	Commitment Amounts and Variance	9.5
911	Ordering Best Efforts Delivery Commitment	9.6
912	Mandatory Delivery Commitments	9.7
913	Mandatory Delivery Servicing Options	9.7
914	Commitment Amounts	9.7
915	Ordering Mandatory Delivery Commitments	9.8
916	Delivery Under Mandatory Delivery Commitment	9.8
917	Corrections and Substitutions	9.9
918	Buyouts and Extensions	9.9
919	Over-Delivery Procedures	9.10
920	Mandatory Delivery Commitment Expirations	9.10
921	Transferability of Commitments	9.11
922	Delivery for Funding	9.11
923	Submission of Funding Documents	9.11
924	Required Funding Documents	9.12
925	Required Servicing Documents for First Mortgage Deliveries	9.15
926	Obligation to Sell Upon Submission of Funding Documents	9.15
927	Loan Purchase	9.16
928	Wire Transfer Process	9.16
929	Funding Amount	9.17
930	Notification of Wire Transfer	9.19
931	Payoff Prior to Funding Date	9.20
932	Loans Paid in Full	9.20
933	Failure to Comply with GMAC-RFC Remittance Requirements	9.21
934	Final Document Delivery	9.22
935	Submission of Final Documents	9.22
936	Required Final Documents	9.23
937	Extensions for Final Delivery	9.23
938	Request for Additional Documentation	9.24
939	Commitment and Delivery Registration for Goal Lines of Credit	9.24
940	Commitment and Delivery Registration for Goal Loan and 125 CLTV Closed-End Second Mortgages	9.27
941	Assetinfo	9.31
942	MERS Loan Registration, Transfer and Delivery Requirements	9.31



## GMAC-RFC

Page 9

Client Guide  
Table of Contents

---

## Chapter 10, Definitions

---

## Chapter 11, Forms & Exhibits

<b>1110</b>	<b>GMAC-RFC Forms &amp; Exhibits</b>	<b>11.1</b>
-------------	--------------------------------------	-------------

# 2A

## GMAC-RFC

Page 2A.2

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### A201

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#### Specific Representations, Warranties and Covenants Concerning Client

##### **(A) Due Organization; Good Standing; Licensing**

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client and, in any event, Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each [Funding Date](#).

##### **(B) Authority**

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### **(C) Ordinary Course of Business**

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

2A

Page 2A.3  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

## 2A GMAC-RFC

Page 2A.4

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

### **(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

### **(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

### **(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

### **(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

### **(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

2A

Page 2A.5  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A202

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy Of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, [Funding Documents](#), Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.



# 2A

## GMAC-RFC

Page 2A.6

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/ [Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

Client makes the responsible lending representations, warranties and covenants set out below. These representations, warranties and covenants are in addition to, and not in substitution for, Client's representations, warranties and covenants, made elsewhere in this Client Guide. All Loans must comply with all applicable federal, State, and local laws. All Loans must be originated and serviced according to GMAC-RFC standards contained in this Client Guide.

#### **(1) Certain "High Cost" Loans Prohibited**

No Loan is a [Discontinued Loan](#). In general, a Discontinued Loan is:

- A Loan subject to HOEPA/Section 32;
- A purchase money Loan on a consumer's principal residence that exceeds the "points and fees" or APR triggers of HOEPA and Section 32;
- An open-end line of credit on a consumer's principal residence that exceeds the "points and fees" or APR triggers of HOEPA and Section 32; or
- A Loan with terms that trigger high-cost mortgage laws or regulations in certain States, counties or cities regardless of whether the originator qualifies for an exemption.

See [Chapter 2B](#), Discontinued Loans, for the complete definition of [Discontinued Loans](#).

# 2A

## GMAC-RFC

Page 2A.8

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### (2) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) No financing of pre-paid insurance products. No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) Prepayment penalties. A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) Reporting to credit bureaus. Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) Increased interest rate. A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the **Security Instrument** is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the **Mortgaged Premises** are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by **Mortgaged Premises** located in the State of Iowa, and if an American Land Title Association (**ALTA**) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

## GMAC-RFC

2A

Page 2A.9  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Client Guide, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the [Mortgaged Premises](#) in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the [Mortgaged Premises](#), and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The [Mortgaged Premises](#) are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the [Mortgaged Premises](#). The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

2A  
Page 2A.10

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(R) Casualty Insurance**

The improvements upon the **Mortgaged Premises** are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The **Security Instrument** requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. As of the **Funding Date**, the market Value of the **Mortgaged Premises** is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

### **(U) Enforceability; Enforcement Provisions**

Each Note and **Security Instrument** constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the **Mortgaged Premises**, including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the **Security Instrument** and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

## GMAC-RFC

2A

Page 2A.11  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any [Security Instrument](#) that is a deed of trust.

### **(Y) Execution Of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each [Mortgaged Premises](#) involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.



2A  
Page 2A.12

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(DD) Client And Originators**

The Client either is an institution insured by [FDIC](#) which is supervised and examined by a federal or State authority, or is a [HUD](#) approved mortgagee, and was so at the time the Loan was originated. The Loan either was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is an institution insured by FDIC and supervised and examined by a federal or State authority, or is a [HUD](#) approved mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator"), or (iii) closed in the name of a Loan broker under the circumstances described in the following sentence: If the Loan was originated through a Loan broker, the originator approved the Loan prior to funding by the Loan broker and the originator acquired the Loan from the Loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment Of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section of this Client Guide.

### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

## GMAC-RFC

2A

Page 2A.13  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud Or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.



## **A206**

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### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

## **A207**

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### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations
- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of **Delinquency**

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

## GMAC-RFC

### **A208**

#### **Events of Default**

Any one or more of the following events constitute an **Event of Default**:

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in the Eligibility Standards Chapter of this Client Guide), terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the **Disqualification Suspension or Inactivation** Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of **Servicer** Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

**A209**

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**Remedies of GMAC-RFC**

**(A) Non-Exclusive, Cumulative Remedies**

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same [Event of Default](#)
- Any other rights which it may have at law or in equity

**(B) Waiver Of Defaults**

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

**(C) Survival of Remedies**

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage [Note](#) or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an **Event of Default** has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's **Servicer** as a result of an **Event of Default**. This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent **Loan Documents** to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the **Servicer** of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

**2A**  
Page 2A.22

**GMAC-RFC**

10/01/03

Client Guide

**Representations,  
Warranties and  
Covenants**

### **(B) Repurchase Price of First Mortgage Programs**

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

2A

Page 2A.23  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any **Servicer** or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its **Affiliates** is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the **Mortgaged Premises** will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the **Mortgaged Premises** as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.24

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Premium](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Premium be greater than the original Servicing Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase as a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.25  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(F) Substitution**

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### **(G) Cost Of Transfer Fees Due To Repurchase**

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### **(H) Notice and Appeal**

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.



## GMAC-RFC

- (17) The Client or **Servicer**'s failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the **Servicer** to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any **Event of Default**. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the **Delivery Date**, the **Funding Date** (and each **Substitution Date**, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-3

## GMAC-RFC

# 1-04-G02

Effective: April 1, 2004

# Client Guideline

Enclosed is the Client Guideline. The purpose of the Client Guideline is to identify enhancements, clarifications and changes to the Client Guide and to give notice that the Client Guide has been amended. All clarifications and changes are effective for Commitments taken on or after April 1, 2004, unless otherwise noted.

The actual enhancements, clarifications and changes can be found in the pages of the Client Guide indicated below.

## Chapter 1, Introduction

- Added option to email to notification methods ([Page 1.3](#))

## Chapter 2, Client Eligibility

- Revised language for Client Eligibility ([Page 2.2](#))

## Chapter 2A, Representations, Warranties and Covenants

- Revised language for Loan Eligibility ([Page 2A.12](#))
- Added Exclusionary List to Representations, Warranties and Covenants ([2A.13](#))

## Chapter 2B, Discontinued Loans

- Deleted New York City High Cost Home Loan ([Page 2B.4](#))

## Chapter 3, Loan Eligibility

- Clarified trust requirements ([Pages 3.7, 3.8](#))
- Added language referring to Home Solution Program restrictions regarding incidental cash back ([Page 3.12](#))
- Clarified incidental cash back in a cash-out refinance mortgage ([Page 3.13](#))
- Clarified ownership seasoning, pay history documentation and additional restrictions for contract for deed/land contracts ([Pages 3.14](#))
- Added additional restriction to lease with option to purchase transactions ([Page 3.15](#))
- Clarified Value of lot definition ([Page 3.18](#))
- Changed requirement for engineers report for small condominium projects having less than 10 stories ([Page 3.46](#))
- Changed occupancy type for site condominiums ([Page 3.46](#))
- Changed liability insurance requirements for small condominium projects ([Page 3.56](#))

## GMAC-RFC

# Table of Contents

---

## Chapter 1, Introduction

100	GMAC-RFC Objective .....	1.1
101	Client Contractual Obligations .....	1.1
102	Single Contract .....	1.1
103	Relationship of GMAC-RFC and Client .....	1.2
104	Client ID Number .....	1.2
105	GMAC-RFC Loan Number .....	1.2
106	Servicer Contractual Obligations .....	1.2
107	Notice .....	1.3
108	Hours of Operation and Holidays .....	1.3
109	Client Guide Organization .....	1.3
110	General Rules of Interpretation .....	1.4
111	Client Guide Online .....	1.5
112	Headings and Definitions .....	1.5
113	Form & Exhibit Numbering .....	1.5
114	Use of Client's Name .....	1.5
115	Use of GMAC-RFC Name and Service Marks .....	1.6
116	Assetinfo .....	1.6

---

## Chapter 2, Client Eligibility

200	Client Eligibility .....	2.1
201	Eligibility Standards .....	2.2
202	Client Contract .....	2.3
203	Client Underwriting Responsibilities .....	2.3
204	Continuing Client Obligations .....	2.4
205	Disqualification, Suspension or Inactivation .....	2.4
206	Reporting Requirements .....	2.5
207	Audits and Inspections .....	2.6
208	Disclosure of Information .....	2.6
209	Maintenance of Records .....	2.6
210	Quality Control .....	2.7

---

## GMAC-RFC

---

### Chapter 2A, Representations, Warranties and Covenants

A200	Client Representations Warranties and Covenants	2A.1
A201	Specific Representations, Warranties and Covenants Concerning Client	2A.2
A202	Specific Representations, Warranties and Covenants Concerning Individual Loans	2A.5
A203	Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program	2A.14
A204	Non-Standard Documents	2A.16
A205	Proof of Compliance	2A.17
A206	Integrity of Information	2A.18
A207	Third-Party Originators	2A.18
A208	Events of Default	2A.19
A209	Remedies of GMAC-RFC	2A.20
A210	Repurchase	2A.21
A211	Disqualification Suspension or Inactivation	2A.26
A212	Indemnification	2A.27
A213	Right of Set-Off	2A.28
A214	Merger or Consolidation of Client	2A.28
A215	Notification of Changes in Client Status	2A.28

---

### Chapter 2B, Discontinued Loans

B200	Discontinued Loans	2B.1
------	--------------------	------

## GMAC-RFC

---

### Chapter 3, Loan Eligibility

300	Loan Seasoning .....	3.1
301	Occupancy .....	3.1
302	Borrower Eligibility .....	3.4
303	Required Signatures .....	3.5
304	Multiple Loans to One Borrower .....	3.6
305	Ownership Interests .....	3.6
306	Transaction Types .....	3.11
307	Arms Length Transaction .....	3.16
308	Inherited Properties .....	3.16
309	Determining Amount to Be Financed .....	3.16
310	Calculating LTV Ratios .....	3.17
311	Financing Closing Costs .....	3.19
312	Secondary or Subordinate Financing .....	3.20
313	Sales Concessions or Home-seller Subsidy .....	3.21
314	Documentation .....	3.21
315	Age of Documents .....	3.22
316	Note Requirements .....	3.24
317	Loan Documents .....	3.26
318	Escrow Issues .....	3.28
319	Temporary Buydowns .....	3.30
320	Current Payment History .....	3.31
321	Property Issues .....	3.31
322	Eligible Property Locations .....	3.32
323	Texas Equity Loans .....	3.33
324	Eligible Property Types .....	3.37
325	Ineligible Property Types .....	3.41
326	Project Requirements for Warrantable Condominiums and PUDs .....	3.42
327	Insurance Requirements .....	3.48
328	Survey Requirements .....	3.63

## GMAC-RFC

---

### Chapter 4, Underwriting

400	Underwriting	4.1
401	Client Underwriting Responsibility	4.1
402	GMAC-RFC Underwriting Review	4.1
403	Loan Application Analysis	4.2
404	Credit Report Requirements	4.2
405	Credit Score Requirements	4.3
406	Selecting Credit Score	4.3
407	Minimum Credit History	4.4
408	Credit Evaluation Overview	4.5
409	Credit Evaluation Components	4.5
410	Upgrading the Credit Grade	4.13
411	Borrower Income	4.16
412	Borrower's Liabilities	4.16
413	Debt Payoff	4.17
414	Co-Signed Debt	4.17
415	Divorce Debt	4.17
416	Business Debt	4.17
417	Borrower Capacity	4.17
418	Student Loan	4.17
419	Qualifying Ratios	4.18
420	Electronic Documentation Standards	4.20
421	Employment and Income Analysis	4.21
422	Income Documentation Standards	4.21
423	Income Types	4.24
424	Wage Earners	4.25
425	Self-Employed Income	4.29
426	Fixed Income	4.33
427	Rental Income	4.35
428	Other Income	4.36
429	Trailing or Relocating Co-Borrower	4.42
430	Cash to Close	4.43
431	Collateral Property Underwriting	4.48
432	Appraiser Requirements	4.48
433	Appraisal Requirements	4.49
434	Appraisal Evaluation	4.52
435	Additional Review Considerations	4.62

## GMAC-RFC

Page 5  
04/01/04  
Client Guide  
Table of Contents

---

### Chapter 4A, Assetwise

A400	Overview	4 A.1
A401	Client Responsibilities and Exclusions	4 A.1
402	Assetwise Approvals	4 A.2
403	Delivery Process	4 A.3
404	Assetwise Documentation Set	4 A.4

---

### Chapter 5, Products

500	Product Descriptions	5.1
501	Fixed-Rate Mortgages (FRM)	5.3
502	Adjustable Rate Mortgages (ARM)	5.6
503	Balloon Mortgages	5.57

---

### Chapter 6, Loan Programs

600	Loan Programs	6.1
-----	---------------	-----

---

### Chapter 6A, Jumbo A Loan Program

A600	Jumbo A Program	6 A.1
A601	Eligibility Standards	6 A.1
A602	Jumbo A, Stated Income Documentation	6 A.9
A603	EasyFi <sup>SM</sup> or Streamline Refinance	6 A.12
A604	Converted and/ or Modified Loans—Contemplated by Original Note	6 A.18
A605	Converted and/ or Modified Loans—Not Contemplated by Original Note	6 A.20



---

## GMAC-RFC

---

### Chapter 6B, Expanded Criteria Loan Program

B600	Expanded Criteria Program .....	6B.1
B601	Eligibility Standards .....	6B.1
B602	Expanded Criteria, 100% Combo Loan .....	6B.14
B603	Expanded Criteria, Uninsured LTV .....	6B.17
B604	Expanded Criteria, Stated Income Documentation .....	6B.19
B605	Expanded Criteria, Stated Income/ Stated Asset Documentation .....	6B.24
B606	Expanded Criteria, No Ratio .....	6B.27
B607	Expanded Criteria, No Income/ No Asset .....	6B.32

---

### Chapter 6C, Home Solution Loan Program

C600	Home Solution Program .....	6C.1
C601	Eligibility Standards .....	6C.1
C602	Home Solution Stated Income Documentation .....	6C.10

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

E600	AlterNet/ Credit Gap Program .....	6E.1
E601	Eligibility Standards .....	6E.1

---

### Chapter 6F, Performance Loan Program

F600	Performance Loan Program .....	6F.1
F601	Eligibility Standards .....	6F.1

## GMAC-RFC

Page 7  
04/01/04  
Client Guide  
Table of Contents

---

### Chapter 6G, Home Equity Loan Program

G600 Home Equity Program .....	6G.1
G601 Eligibility Standards .....	6G.1
G602 Supplemental Home Equity Information .....	6G.17
G603 Home Equity Program Goal Line <sup>SM</sup> Product Description .....	6G.19
G604 Home Equity Program Goal Loan <sup>SM</sup> Description .....	6G.23
G605 Home Equity Program, Stated Value .....	6G.25
G606 Home Equity Program, Stated Income Documentation .....	6G.26

---

### Chapter 6H, 125 CLTV Loan Program

H600 125 CLTV Loan Program .....	6H.1
H601 Eligibility Standards .....	6H.1
H602 Supplemental 125 CLTV Program Information .....	6H.16

---

### Chapter 7, At-A-Glances

700 Program At-A-Glances .....	7.1
--------------------------------	-----

## GMAC-RFC

---

### Chapter 8, Servicing Released

800	Servicing Released .....	8.1
801	Program Overview .....	8.1
802	Designated Servicer .....	8.2
803	Contractual Obligations .....	8.2
804	Program Eligibility .....	8.2
805	Disqualification Suspension or Inactivation .....	8.2
806	Restrictions on Loan Eligibility .....	8.3
807	Record Maintenance .....	8.3
808	Final Documents .....	8.3
809	Disclosure of Information; Cooperation .....	8.3
810	Client Representations and Warranties; Events of Servicer Default Prior to Transfer .....	8.4
811	Specific Warranties and Covenants .....	8.4
812	Notification of Change in Servicer .....	8.8
813	Escrow Account for Postponed Improvements/ Repairs .....	8.9
814	Interest on Escrows .....	8.9
815	Termination of Automatic Payment .....	8.9
816	Purchase of Servicing .....	8.9
817	Servicing Released Submission of Purchase .....	8.9
818	Required Servicing Documents .....	8.9
819	Sale Date and Effective Date of Servicing Transfer .....	8.11
820	Reconciliation by GMAC-RFC .....	8.12
821	Notification of Purchase .....	8.14
822	Monies Paid for Servicing Released .....	8.14
823	Monies Due Client .....	8.15
824	Monies Due Designated Servicer .....	8.16
825	Loans Paid in Full .....	8.17
826	Servicing Document Corrections .....	8.17
827	Bulk Servicing Acquisitions .....	8.18
828	Subservicing Election .....	8.18

## GMAC-RFC

### Chapter 9, Commitment and Delivery

900	Commitment and Delivery—First Mortgage Product	9.1
901	Commitment Rate, Fee and Price Information	9.1
902	Authorized Rates and Prices	9.1
903	Electronic Loan Data Delivery	9.1
904	Wire Transfer Authorization	9.2
905	Notification of Wire Transfer	9.2
906	Best Efforts	9.2
907	Commitment Rate and Price Information	9.3
908	Best Efforts Delivery Commitment Periods	9.4
909	Best Efforts Servicing Options	9.5
910	Commitment Amounts and Variance	9.5
911	Ordering Best Efforts Delivery Commitment	9.6
912	Mandatory Delivery Commitments	9.7
913	Mandatory Delivery Servicing Options	9.7
914	Commitment Amounts	9.7
915	Ordering Mandatory Delivery Commitments	9.8
916	Delivery Under Mandatory Delivery Commitment	9.8
917	Corrections and Substitutions	9.9
918	Buyouts and Extensions	9.9
919	Over-Delivery Procedures	9.10
920	Mandatory Delivery Commitment Expirations	9.10
921	Transferability of Commitments	9.11
922	Delivery for Funding	9.11
923	Submission of Funding Documents	9.11
924	Required Funding Documents	9.12
925	Required Servicing Documents for First Mortgage Deliveries	9.15
926	Obligation to Sell Upon Submission of Funding Documents	9.15
927	Loan Purchase	9.16
928	Wire Transfer Process	9.16
929	Funding Amount	9.17
930	Notification of Wire Transfer	9.19
931	Payoff Prior to Funding Date	9.20
932	Loans Paid in Full	9.20
933	Failure to Comply with GMAC-RFC Remittance Requirements	9.21
934	Final Document Delivery	9.22
935	Submission of Final Documents	9.22
936	Required Final Documents	9.23
937	Extensions for Final Delivery	9.23
938	Request for Additional Documentation	9.24
939	Commitment and Delivery Registration for Goal Lines of Credit	9.24
940	Commitment and Delivery Registration for Goal Loan and 125 CLTV	
	Closed-End Second Mortgages	9.27
941	Assetinfo	9.31
942	MERS Loan Registration, Transfer and Delivery Requirements	9.31

---

## GMAC-RFC

---

### Chapter 10, Definitions

---

### Chapter 11, Forms & Exhibits

1110	GMAC-RFC Forms & Exhibits	11.1
------	---------------------------	------

2A

Page 2A.2

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

GMAC-RFC

## A201

---

### Specific Representations, Warranties and Covenants Concerning Client

#### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client and, in any event, Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each [Funding Date](#).

#### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

#### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

2A

Page 2A.3  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.



## GMAC-RFC

2A

Page 2A.5  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A202

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, [Funding Documents](#), Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### (E) Ownership; Transfer

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### (F) Disbursements; No Payoffs or Future Advancements

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### (G) No Default

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### (H) No Defenses

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

Client makes the responsible lending representations, warranties and covenants set out below. These representations, warranties and covenants are in addition to, and not in substitution for, Client's representations, warranties and covenants, made elsewhere in this Client Guide. All Loans must comply with all applicable federal, State, and local laws. All Loans must be originated and serviced according to GMAC-RFC standards contained in this Client Guide.

#### **(1) Certain "High Cost" Loans Prohibited**

No Loan is a [Discontinued Loan](#). In general, a Discontinued Loan is:

- A Loan subject to HOEPA/Section 32;
- A purchase money Loan on a consumer's principal residence that exceeds the "points and fees" or APR triggers of HOEPA and Section 32;
- An open-end line of credit on a consumer's principal residence that exceeds the "points and fees" or APR triggers of HOEPA and Section 32; or
- A Loan with terms that trigger high-cost mortgage laws or regulations in certain States, counties or cities regardless of whether the originator qualifies for an exemption.

See [Chapter 2B](#), Discontinued Loans, for the complete definition of [Discontinued Loans](#).

2A

Page 2A.8

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### (2) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) No financing of pre-paid insurance products. No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) Prepayment penalties. A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) Reporting to credit bureaus. Client or its [Servicer](#) must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) Increased interest rate. A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by [Mortgaged Premises](#) located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Client Guide, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the [Mortgaged Premises](#) in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the [Mortgaged Premises](#), and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The [Mortgaged Premises](#) are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the [Mortgaged Premises](#). The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

2A

Page 2A.10

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(R) Casualty Insurance**

The improvements upon the [Mortgaged Premises](#) are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The [Security Instrument](#) requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. As of the [Funding Date](#), the market Value of the [Mortgaged Premises](#) is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the [Security Instrument](#) and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.



## GMAC-RFC

2A

Page 2A.11  
04/01/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any [Security Instrument](#) that is a deed of trust.

### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each [Mortgaged Premises](#) involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

2A

Page 2A.12

GMAC-RFC

04/01/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(DD) Client and Originators**

If the Client sells Jumbo A or Expanded Criteria Loans to GMAC-RFC, the Client is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or state authority **or** a [HUD](#) approved non-supervised mortgagee.

Each Jumbo A and Expanded Criteria Loan was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or a HUD approved non-supervised mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator") or (iii) closed in the name of the loan broker.

All Loans closed in the name of a loan broker (including but not limited to Jumbo A and Expanded Criteria Loans) were originated under the circumstances described in the following sentence: If the Loan was originated through a loan broker, the originator approved the Loan prior to funding by the loan broker and the originator acquired the Loan from the loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

#### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

#### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section of this Client Guide.

#### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

#### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.



## GMAC-RFC

2A

Page 2A.13  
04/01/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan, including without limitation the originator, broker, title company or appraiser, was named on the version of the [Exclusionary List](#) that was effective on the date of the promissory Note for that particular Loan.

**2A**

Page 2A.18

10/01/03

Client Guide

**Representations,  
Warranties and  
Covenants**

## **GMAC-RFC**

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

### **A207**

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#### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations
- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of [Delinquency](#)

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

## GMAC-RFC

### A208

#### **Events of Default**

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

2A

Page 2A.20

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same [Event of Default](#)
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage [Note](#) or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

2A

Page 2A.22

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### (B) Repurchase Price of First Mortgage Programs

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

2A

Page 2A.23  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliates](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the [Mortgaged Premises](#) as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.24

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Premium](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Premium be greater than the original Servicing Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase As a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.



## GMAC-RFC

2A

Page 2A.25  
10/01/03  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-4

# *Client Guide*



**Version 1-04-G03**

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37-501-1003 (07/01/04)

# GMAC-RFC

Page 1  
07/01/04  
Client Guide  
Table of Contents

## Table of Contents

---

### Chapter 1, Introduction

100	GMAC-RFC Objective .....	1.1
101	Client Contractual Obligations .....	1.1
102	Single Contract .....	1.1
103	Relationship of GMAC-RFC and Client .....	1.2
104	Client ID Number .....	1.2
105	GMAC-RFC Loan Number .....	1.2
106	Servicer Contractual Obligations .....	1.2
107	Notice .....	1.3
108	Hours of Operation and Holidays .....	1.3
109	Client Guide Organization .....	1.3
110	General Rules of Interpretation .....	1.4
111	Client Guide Online .....	1.5
112	Headings and Definitions .....	1.5
113	Form & Exhibit Numbering .....	1.5
114	Use of Client's Name .....	1.5
115	Use of GMAC-RFC Name and Service Marks .....	1.6
116	Assetinfo .....	1.6

---

### Chapter 2, Client Eligibility

200	Client Eligibility .....	2.1
201	Eligibility Standards .....	2.2
202	Client Contract .....	2.3
203	Client Underwriting Responsibilities .....	2.3
204	Continuing Client Obligations .....	2.4
205	Disqualification, Suspension or Inactivation .....	2.4
206	Reporting Requirements .....	2.5
207	Audits and Inspections .....	2.6
208	Disclosure of Information .....	2.6
209	Maintenance of Records .....	2.6
210	Quality Control .....	2.7

## GMAC-RFC

---

# Chapter 2A, Representations, Warranties and Covenants

A200	Client Representations Warranties and Covenants	2A.1
A201	Specific Representations, Warranties and Covenants Concerning Client	2A.2
A202	Specific Representations, Warranties and Covenants Concerning Individual Loans	2A.5
A203	Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program	2A.16
A204	Non-Standard Documents	2A.18
A205	Proof of Compliance	2A.20
A206	Integrity of Information	2A.20
A207	Third-Party Originators	2A.20
A208	Events of Default	2A.21
A209	Remedies of GMAC-RFC	2A.22
A210	Repurchase	2A.23
A211	Disqualification Suspension or Inactivation	2A.28
A212	Indemnification	2A.29
A213	Right of Set-Off	2A.30
A214	Merger or Consolidation of Client	2A.30
A215	Notification of Changes in Client Status	2A.30

## GMAC-RFC

---

### Chapter 3, Loan Eligibility

300	Loan Seasoning	3.1
301	Occupancy	3.1
302	Borrower Eligibility	3.4
303	Required Signatures	3.5
304	Multiple Loans to One Borrower	3.6
305	Ownership Interests	3.6
306	Transaction Types	3.11
307	Arms Length Transaction	3.16
308	Inherited Properties	3.16
309	Determining Amount to Be Financed	3.17
310	Calculating LTV Ratios	3.17
311	Financing Closing Costs	3.19
312	Secondary or Subordinate Financing	3.20
313	Sales Concessions or Home-seller Subsidy	3.21
314	Documentation	3.21
315	Age of Documents	3.22
316	Note Requirements	3.24
317	Loan Documents	3.26
318	Escrow Issues	3.28
319	Temporary Buydowns	3.30
320	Current Payment History	3.31
321	Property Issues	3.31
322	Eligible Property Locations	3.32
323	Texas Equity Loans	3.33
324	Eligible Property Types	3.37
325	Ineligible Property Types	3.41
326	Project Requirements for Warrantable Condominiums and PUDs	3.42
327	Insurance Requirements	3.48
328	Survey Requirements	3.63

## GMAC-RFC

### Chapter 4, Underwriting

400	Underwriting	4.1
401	Client Underwriting Responsibility	4.1
402	GMAC-RFC Underwriting Review	4.1
403	Loan Application Analysis	4.2
404	Credit Report Requirements	4.2
405	Credit Score Requirements	4.3
406	Selecting Credit Score	4.3
407	Minimum Credit History	4.4
408	Credit Evaluation Overview	4.4
409	Credit Evaluation Components	4.5
410	Upgrading the Credit Grade	4.13
411	Borrower Income	4.16
412	Borrower's Liabilities	4.17
413	Debt Payoff	4.17
414	Co-Signed Debt	4.17
415	Divorce Debt	4.18
416	Business Debt	4.18
417	Borrower Capacity	4.18
418	Student Loan	4.18
419	Qualifying Ratios—Payment	4.19
420	Electronic Documentation Standards	4.20
421	Employment and Income Analysis	4.20
422	Income Documentation Standards	4.21
423	Income Types	4.23
424	Wage Earners	4.24
425	Self-Employed Income	4.28
426	Fixed Income	4.32
427	Rental Income	4.34
428	Other Income	4.35
429	Trailing or Relocating Co-Borrower	4.43
430	Cash to Close	4.43
431	Collateral Property Underwriting	4.48
432	Appraiser Requirements	4.48
433	Appraisal Requirements	4.49
434	Appraisal Evaluation	4.52
435	Additional Review Considerations	4.62



## GMAC-RFC

---

### Chapter 4A, Assetwise

A400	Overview	4A.1
A401	Client Responsibilities and Exclusions	4A.1
A402	Assetwise Approvals	4A.2
A403	Delivery Process	4A.3
A404	Assetwise Documentation Set	4A.3

---

### Chapter 5, Products

500	Product Descriptions	5.1
501	Fixed-Rate Mortgages (FRM)	5.3
502	Adjustable Rate Mortgages (ARM)	5.6
503	Balloon Mortgages	5.58

---

### Chapter 6, Loan Programs

600	Loan Programs	6.1
601	Standard Loan Programs	6.1
602	Non-standard Loan Program	6.2

---

### Chapter 6A, Jumbo A Loan Program

A600	Jumbo A Program	6A.1
A601	Eligibility Standards	6A.1
A602	Jumbo A, Stated Income Documentation	6A.10
A603	EasyFi <sup>SM</sup> or Streamline Refinance	6A.13
A604	Converted and/ or Modified Loans—Contemplated by Original Note	6A.19
A605	Converted and/ or Modified Loans—Not Contemplated by Original Note	6A.21

---

## GMAC-RFC

---

### Chapter 6B, Expanded Criteria Loan Program

B600	Expanded Criteria Program .....	6B.1
B601	Eligibility Standards .....	6B.1
B602	Expanded Criteria, 100% Combo Loan .....	6B.15
B603	Expanded Criteria, Uninsured LTV .....	6B.18
B604	Expanded Criteria, Stated Income Documentation .....	6B.20
B605	Expanded Criteria, Stated Income/ Stated Asset Documentation .....	6B.25
B606	Expanded Criteria, No Ratio .....	6B.28
B607	Expanded Criteria, No Income/ No Asset .....	6B.33

---

### Chapter 6C, Home Solution Loan Program

C600	Home Solution Program .....	6C.1
C601	Eligibility Standards .....	6C.1
C602	Home Solution Stated Income Documentation .....	6C.10

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

E600	AlterNet/ Credit Gap Program .....	6E.1
E601	Eligibility Standards .....	6E.1

## GMAC-RFC

Page 7  
07/01/04  
Client Guide  
Table of Contents

---

### Chapter 6F, Performance Loan Program

F600 Performance Loan Program .....	6F.1
F601 Eligibility Standards .....	6F.1

---

### Chapter 6G, Home Equity Loan Program

G600 Home Equity Program .....	6G.1
G601 Eligibility Standards .....	6G.1
G602 Supplemental Home Equity Information .....	6G.17
G603 Home Equity Program Goal Line <sup>SM</sup> Product Description .....	6G.19
G604 Home Equity Program Goal Loan <sup>SM</sup> Description .....	6G.23
G605 Home Equity Program, Stated Value .....	6G.25
G606 Home Equity Program, Stated Income Documentation .....	6G.26

---

### Chapter 6H, 125 CLTV Loan Program

H600 125 CLTV Loan Program .....	6H.1
H601 Eligibility Standards .....	6H.1
H602 Supplemental 125 CLTV Program Information .....	6H.16

---

### Chapter 7, At-A-Glances

700 Program At-A-Glances .....	7.1
--------------------------------	-----

## GMAC-RFC

---

### Chapter 8, Servicing Released

800	Servicing Released	8.1
801	Program Overview	8.1
802	Designated Servicer	8.2
803	Contractual Obligations	8.2
804	Program Eligibility	8.2
805	Disqualification Suspension or Inactivation	8.2
806	Restrictions on Loan Eligibility	8.3
807	Record Maintenance	8.3
808	Final Documents	8.3
809	Disclosure of Information; Cooperation	8.3
810	Client Representations and Warranties; Events of Servicer Default	
	Prior to Transfer	8.4
811	Specific Warranties and Covenants	8.4
812	Notification of Change in Servicer	8.8
813	Escrow Account for Postponed Improvements/ Repairs	8.9
814	Interest on Escrows	8.9
815	Termination of Automatic Payment	8.9
816	Purchase of Servicing	8.9
817	Servicing Released Submission of Purchase	8.9
818	Required Servicing Documents	8.9
819	Sale Date and Effective Date of Servicing Transfer	8.11
820	Reconciliation by GMAC-RFC	8.12
821	Notification of Purchase	8.14
822	Monies Paid for Servicing Released	8.14
823	Monies Due Client	8.15
824	Monies Due Designated Servicer	8.16
825	Loans Paid in Full	8.17
826	Servicing Document Corrections	8.17
827	Bulk Servicing Acquisitions	8.18
828	Subservicing Election	8.18

## GMAC-RFC

### Chapter 9, Commitment and Delivery

900	Commitment and Delivery—First Mortgage Product	9.1
901	Commitment Rate, Fee and Price Information	9.1
902	Authorized Rates and Prices	9.1
903	Electronic Loan Data Delivery	9.1
904	Wire Transfer Authorization	9.2
905	Notification of Wire Transfer	9.2
906	Best Efforts	9.2
907	Commitment Rate and Price Information	9.3
908	Best Efforts Delivery Commitment Periods	9.4
909	Best Efforts Servicing Options	9.5
910	Commitment Amounts and Variance	9.5
911	Ordering Best Efforts Delivery Commitment	9.6
912	Mandatory Delivery Commitments	9.7
913	Mandatory Delivery Servicing Options	9.7
914	Commitment Amounts	9.7
915	Ordering Mandatory Delivery Commitments	9.8
916	Delivery Under Mandatory Delivery Commitment	9.8
917	Corrections and Substitutions	9.9
918	Buyouts and Extensions	9.9
919	Over-Delivery Procedures	9.10
920	Mandatory Delivery Commitment Expirations	9.10
921	Transferability of Commitments	9.11
922	Delivery for Funding	9.11
923	Submission of Funding Documents	9.11
924	Required Funding Documents	9.12
925	Required Servicing Documents for First Mortgage Deliveries	9.15
926	Obligation to Sell Upon Submission of Funding Documents	9.16
927	Loan Purchase	9.16
928	Wire Transfer Process	9.16
929	Funding Amount	9.17
930	Notification of Wire Transfer	9.19
931	Payoff Prior to Funding Date	9.20
932	Loans Paid in Full	9.20
933	Failure to Comply with GMAC-RFC Remittance Requirements	9.21
934	Final Document Delivery	9.22
935	Submission of Final Documents	9.22
936	Required Final Documents	9.23
937	Extensions for Final Delivery	9.23
938	Request for Additional Documentation	9.24
939	Commitment and Delivery Registration for Goal Lines of Credit	9.24
940	Commitment and Delivery Registration for Goal Loan and 125 CLTV Closed-End Second Mortgages	9.27
941	Assetinfo	9.31
942	MERS Loan Registration, Transfer and Delivery Requirements	9.31

## GMAC-RFC

---

### Chapter 10, Definitions

---

### Chapter 11, Forms & Exhibits

1110	GMAC-RFC Forms & Exhibits	11.1
------	---------------------------	------

2A

Page 2A.2

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

GMAC-RFC

## A201

---

### Specific Representations, Warranties and Covenants Concerning Client

#### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client and, in any event, Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each [Funding Date](#).

#### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

#### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.



2A

Page 2A.4

GMAC-RFC

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, [Funding Documents](#), Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

10/01/03

Client Guide

Representations,  
Warranties and  
Covenants

### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### (I) Compliance with Law

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the Mortgaged Premises in favor of the Client and its successors and assigns. If a Loan is registered with MERS, and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application (Fannie Mae 1003/Freddie Mac Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### (J) Responsible Lending Representations, Warranties and Covenants

#### (1) Discontinued Loan

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### (a) HOEPA/Section 32

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### (b) Purchase Money Loans with High Points or Fees

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

2A

Page 2A.8

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

(c) Home Equity Lines of Credit That Exceed the HOEPA Triggers

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

(d) State and Local High Cost Loans

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any state or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

(e) Certain Georgia Home Loans

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

(f) Certain New Jersey Home Loans

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "Manufactured Home";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

## GMAC-RFC

### (g) Certain New Mexico Home Loans

A “home loan” under the New Mexico Home loan Protection Act (the “Act”), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A “home loan” if the property is a **“Manufactured Home”**;
- A “home loan” with proceeds intended for home improvement purposes;
- A “home loan” that is an open-end line of credit;
- A closed-end “home loan” secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) Reporting to credit bureaus.** Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

2A

Page 2A.10

GMAC-RFC

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(K) Title Insurance**

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

#### **(L) Title Guaranty Certificate In Iowa**

As to each Loan secured by [Mortgaged Premises](#) located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

#### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Client Guide, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

#### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the [Mortgaged Premises](#) in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

#### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

#### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the [Mortgaged Premises](#), and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.



## GMAC-RFC

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the Loan Documents, the Mortgaged Premises or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

### **(R) Casualty Insurance**

The improvements upon the Mortgaged Premises are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The Security Instrument requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. As of the Funding Date, the market Value of the Mortgaged Premises is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.



2A

Page 2A.12

GMAC-RFC

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the [Security Instrument](#) and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

#### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

#### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

#### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any [Security Instrument](#) that is a deed of trust.

## GMAC-RFC

### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each [Mortgaged Premises](#) involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

- If the Client sells Jumbo A or Expanded Criteria Loans to GMAC-RFC, the Client is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or state authority or a [HUD](#) approved non-supervised mortgagee.
- Each Jumbo A and Expanded Criteria Loan was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or a HUD approved non-supervised mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator") or (iii) closed in the name of the loan broker.
- All Loans closed in the name of a loan broker (including but not limited to Jumbo A and Expanded Criteria Loans) were originated under the circumstances described in the following sentence: If the Loan was originated through a loan broker, the originator approved the Loan prior to funding by the loan broker and the originator acquired the Loan from the loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

2A

Page 2A.14

GMAC-RFC

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

**(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

**(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section of this Client Guide.

**(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

**(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

**(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

## GMAC-RFC

2A

Page 2A.15  
07/01/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan, including without limitation the originator, broker, title company or appraiser, was named on the version of the [Exclusionary List](#) that was effective on the date of the promissory Note for that particular Loan.

**2A**

Page 2A.20

07/01/04

Client Guide

**Representations,  
Warranties and  
Covenants**

## **GMAC-RFC**

### **A205**

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#### **Proof of Compliance**

The Client will, upon the request of GMAC-RFC, supply proof satisfactory to GMAC-RFC of its:

- (1) Compliance with all representations and warranties contained in this Client Guide, and
- (2) Compliance with all local, State and federal laws, rules and regulations.

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

### **A207**

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#### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations

## GMAC-RFC

- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of [Delinquency](#)

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

### **A208**

#### **Events of Default**

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

2A

Page 2A.22

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same [Event of Default](#)
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage [Note](#) or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.



2A

Page 2A.24

GMAC-RFC

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

### **(B) Repurchase Price of First Mortgage Programs**

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliates](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the [Mortgaged Premises](#) as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.26

GMAC-RFC

07/01/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Premium](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Premium be greater than the original Servicing Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase As a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.27  
07/01/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-5

## *Client Guide*

# **GMAC RFC**

**Version 1-04-G04**

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(10/18/04)

# GMAC-RFC

Page 1  
10/18/04  
Client Guide  
Table of Contents

## Table of Contents

---

### Chapter 1, Introduction

100	GMAC-RFC Objective	1.1
101	Client Contractual Obligations	1.1
102	Single Contract	1.1
103	Relationship of GMAC-RFC and Client	1.2
104	Client ID Number	1.2
105	GMAC-RFC Loan Number	1.2
106	Servicer Contractual Obligations	1.2
107	Notice	1.3
108	Hours of Operation and Holidays	1.3
109	Client Guide Organization	1.3
100	Headings, Use of Capitalization and Definitions	1.4
101	Form & Exhibit Numbering	1.4
102	Client Guide Online	1.4
103	General Rules of Interpretation	1.4
104	Use of Client's Name	1.5
105	Use of GMAC-RFC Name and Service Marks	1.6
106	Assetinfo	1.6

---

### Chapter 2, Client Eligibility

200	Client Eligibility	2.1
201	Eligibility Standards	2.2
202	Client Contract	2.4
203	Client Underwriting Responsibilities	2.4
204	Continuing Client Obligations	2.4
205	Disqualification, Suspension or Inactivation	2.4
206	Reporting Requirements	2.6
207	Audits and Inspections	2.7
208	Disclosure of Information	2.7
209	Maintenance of Records	2.7
210	Quality Control	2.8



## GMAC-RFC

---

# Chapter 2A, Representations, Warranties and Covenants

A200	Client Representations Warranties and Covenants	2A.1
A201	Specific Representations, Warranties and Covenants Concerning Client	2A.2
A202	Specific Representations, Warranties and Covenants Concerning Individual Loans	2A.5
A203	Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program	2A.15
A204	Non-Standard Documents	2A.17
A205	Proof of Compliance	2A.19
A206	Integrity of Information	2A.19
A207	Third-Party Originators	2A.20
A208	Events of Default	2A.21
A209	Remedies of GMAC-RFC	2A.22
A210	Repurchase	2A.23
A211	Disqualification Suspension or Inactivation	2A.28
A212	Indemnification	2A.29
A213	Right of Set-Off	2A.30
A214	Merger or Consolidation of Client	2A.30
A215	Notification of Changes in Client Status	2A.30

## GMAC-RFC

### Chapter 3, Loan Eligibility

300	Loan Seasoning	3.1
301	Occupancy Types	3.1
302	Borrower Types	3.2
303	Required Signatures	3.4
304	Multiple Loans to One Borrower	3.4
305	Ownership Interests	3.5
306	Arm's Length and Non-Arm's Length Transactions	3.9
307	Transaction Types	3.9
308	Inherited Properties	3.17
309	Determining Amount to Be Financed	3.18
310	Calculating Loan-to-Value Ratios	3.18
311	Secondary or Subordinate Financing	3.21
312	Sales Concessions or Home-seller Subsidy	3.22
313	Note Requirements	3.22
314	Loan Documents	3.25
315	Escrow Issues	3.28
316	Temporary Buydowns	3.29
317	Current Payment History	3.30
318	Property Issues	3.30
319	Texas Equity Loans	3.31
320	Eligible Property Types	3.34
321	Ineligible Property Types	3.39
322	Project Requirements for Warrantable Condominiums and PUDs	3.39
323	Insurance Requirements	3.45
324	Survey Requirements	3.59

## GMAC-RFC

### Chapter 4, Underwriting

400	Underwriting	4.1
401	Client Underwriting Responsibility	4.1
402	GMAC-RFC Underwriting Review	4.2
403	Loan Application Analysis	4.2
404	Credit Report Requirements	4.3
405	Credit Score Requirements	4.3
406	Selecting Credit Score	4.4
407	Minimum Credit History	4.4
408	Credit Evaluation Overview	4.5
409	Credit Evaluation Components	4.5
410	Upgrading the Credit Grade	4.12
411	Borrower's Liabilities	4.16
412	Debt Payoff	4.16
413	Co-Signed Debt	4.16
414	Divorce Debt	4.17
415	Business Debt	4.17
416	Borrower Capacity	4.17
417	Student Loan	4.17
418	Qualifying Ratios—Payment	4.18
419	Electronic Documentation Standards	4.19
420	Borrower Income	4.19
421	Income Types	4.20
422	Wage Earners	4.21
423	Self-Employed Income	4.21
424	Fixed Income	4.23
425	Rental Income	4.24
426	Other Income	4.26
427	Employment and Income Analysis	4.27
428	Income Documentation	4.28
429	Full Income Documentation Requirements	4.29
430	Lite Income Documentation Requirements	4.31
431	One Paystub Income Documentation Requirements	4.31
432	Fast Income Documentation Requirements	4.32
433	Stated Income Documentation Requirements	4.35
434	Stated Income/ Stated Asset Documentation Requirements	4.36
435	No Ratio Documentation Requirements	4.38
436	No Income/ No Asset Documentation Requirements	4.40
437	Trailing or Relocating Co-Borrower	4.41
440	Cash to Close	4.41
441	Collateral Property Underwriting	4.46
442	Appraiser Requirements	4.46
443	Appraisal Requirements	4.47
444	Appraisal Evaluation	4.50
445	Additional Review Considerations	4.60

## GMAC-RFC

Page 5  
10/18/04  
Client Guide  
Table of Contents

---

### Chapter 4A, Assetwise

A400	Overview .....	4A.1
A401	Client Responsibilities and Exclusions .....	4A.1
A402	Assetwise Approvals .....	4A.2
A403	Delivery Process .....	4A.3
A404	Assetwise Documentation Set .....	4A.3

---

### Chapter 5, Products

500	Product Descriptions .....	5.1
501	Fixed-Rate Mortgages (FRM) .....	5.3
502	Adjustable Rate Mortgages (ARM) .....	5.6
503	Balloon Mortgages .....	5.58

---

### Chapter 6, Loan Programs

600	Loan Programs .....	6.1
-----	---------------------	-----

---

### Chapter 6A, Jumbo A Loan Program

A600	Jumbo A Program .....	6A.1
A601	Eligibility Standards .....	6A.1
A602	Stated Income Documentation .....	6A.12
A603	EasyFi or Streamline Refinance .....	6A.14

## GMAC-RFC

---

### Chapter 6B, Expanded Criteria Loan Program

B600	Expanded Criteria Program	6B.1
B601	Eligibility Standards	6B.1
B602	Stated Income Documentation	6B.17
B603	Stated Income/ Stated Asset Documentation	6B.21
B604	No Ratio Documentation	6B.23
B605	No Income/ No Asset Documentation	6B.27
B606	Uninsured LTV	6B.29

---

### Chapter 6C, 100% Combo Loan Program

C600	100% Combo Loan Program	6C.1
C601	Eligibility Standards	6C.1

---

### Chapter 6D, Home Solution Loan Program

D600	Home Solution Program	6D.1
D601	Eligibility Standards	6D.1

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

E600	AlterNet/ Credit Gap Program	6E.1
E601	Eligibility Standards	6E.1

---

### Chapter 6F, Performance Loan Program

F600	Performance Loan Program	6F.1
F601	Eligibility Standards	6F.1

## GMAC-RFC

Page 7  
10/18/04  
Client Guide  
Table of Contents

---

### Chapter 6G, Home Equity Loan Program

G600	Home Equity Program	6G.1
G601	Eligibility Standards	6G.1
G602	Supplemental Home Equity Information	6G.14
G603	Home Equity Program Goal Line Product Description	6G.16
G604	Home Equity Program Goal Loan Description	6G.20

---

### Chapter 6H, 125 CLTV Loan Program

H600	125 CLTV Loan Program	6H.1
H601	Eligibility Standards	6H.1
H602	Supplemental 125 CLTV Program Information	6H.15

---

### Chapter 6I, Non-Standard Loan Program

I600	Non-Standard Loan Program	6I.1
I601	Ineligible Loans	6I.1

---

### Chapter 7, At-A-Glances

700	Program At-A-Glances	7.1
-----	----------------------	-----

## GMAC-RFC

---

### Chapter 8, Servicing Released

800	Servicing Released	8.1
801	Program Overview	8.1
802	Designated Servicer	8.2
803	Contractual Obligations	8.2
804	Program Eligibility	8.2
805	Disqualification Suspension or Inactivation	8.2
806	Restrictions on Loan Eligibility	8.3
807	Record Maintenance	8.3
808	Final Documents	8.3
809	Disclosure of Information; Cooperation	8.3
810	Client Representations and Warranties; Events of Servicer Default	
	Prior to Transfer	8.4
811	Specific Warranties and Covenants	8.4
812	Notification of Change in Servicer	8.8
813	Escrow Account for Postponed Improvements/ Repairs	8.9
814	Interest on Escrows	8.9
815	Termination of Automatic Payment	8.9
816	Purchase of Servicing	8.9
817	Servicing Released Submission of Purchase	8.9
818	Required Servicing Documents	8.10
819	Sale Date and Effective Date of Servicing Transfer	8.11
820	Reconciliation by GMAC-RFC	8.12
821	Notification of Purchase	8.14
822	Monies Paid for Servicing Released	8.14
823	Monies Due Client	8.15
824	Monies Due Designated Servicer	8.16
825	Loans Paid in Full	8.17
826	Servicing Document Corrections	8.17
827	Bulk Servicing Acquisitions	8.18
828	Subservicing Election	8.18

## GMAC-RFC

### Chapter 9, Commitment and Delivery

900	Commitment and Delivery—First Mortgage Product	9.1
901	Commitment Rate, Fee and Price Information	9.1
902	Authorized Rates and Prices	9.1
903	Electronic Loan Data Delivery	9.1
904	Wire Transfer Authorization	9.2
905	Notification of Wire Transfer	9.2
906	Best Efforts	9.3
907	Commitment Rate and Price Information	9.3
908	Best Efforts Delivery Commitment Periods	9.4
909	Best Efforts Servicing Options	9.5
910	Commitment Amounts and Variance	9.5
911	Ordering Best Efforts Delivery Commitment	9.6
912	Mandatory Delivery Commitments	9.7
913	Mandatory Delivery Servicing Options	9.7
914	Commitment Amounts	9.7
915	Ordering Mandatory Delivery Commitments	9.8
916	Delivery Under Mandatory Delivery Commitment	9.8
917	Corrections and Substitutions	9.9
918	Buyouts and Extensions	9.9
919	Over-Delivery Procedures	9.10
920	Mandatory Delivery Commitment Expirations	9.10
921	Transferability of Commitments	9.10
922	Delivery for Funding	9.11
923	Submission of Funding Documents	9.11
924	Required Funding Documents	9.11
925	Required Servicing Documents for First Mortgage Deliveries	9.15
926	Obligation to Sell Upon Submission of Funding Documents	9.15
927	Loan Purchase	9.15
928	Wire Transfer Process	9.16
929	Funding Amount	9.16
930	Notification of Wire Transfer	9.18
931	Payoff Prior to Funding Date	9.19
932	Loans Paid in Full	9.19
933	Failure to Comply with GMAC-RFC Remittance Requirements	9.20
934	Final Document Delivery	9.21
935	Submission of Final Documents	9.21
936	Required Final Documents	9.22
937	Extensions for Final Delivery	9.22
938	Request for Additional Documentation	9.23
939	Commitment and Delivery Registration for Goal Lines of Credit	9.23
940	Commitment and Delivery Registration for Goal Loan and 125 CLTV Closed-End Second Mortgages	9.26
941	Assetinfo	9.30
942	MERS Loan Registration, Transfer and Delivery Requirements	9.30



Page 10  
10/18/04  
Client Guide  
Table of Contents

## GMAC-RFC

---

### Chapter 10, Definitions

---

### Chapter 11, Forms & Exhibits

1110	GMAC-RFC Forms & Exhibits	11.1
------	---------------------------	------

2A

Page 2A.2

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

GMAC-RFC

## A201

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### Specific Representations, Warranties and Covenants Concerning Client

#### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client and, in any event, Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each [Funding Date](#).

#### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

#### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

### (E) Ownership; Transfer

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with [MERS](#), the Client represents that (a) if the [Security Instrument](#) relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the [Mortgaged Premises](#) in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### (F) Disbursements; No Payoffs or Future Advancements

Each Loan has been closed and fully disbursed, except as permitted in the [Escrow Account for Postponed Improvements/ Repairs](#) Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the [Loan Documents](#) to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### (G) No Default

There is no default, breach, violation or event of acceleration existing under any Note or [Security Instrument](#) transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### (H) No Defenses

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the [Loan Documents](#)) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

2A

Page 2A.8

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

(c) Home Equity Lines of Credit That Exceed the HOEPA Triggers

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

(d) State and Local High Cost Loans

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any state or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

(e) Certain Georgia Home Loans

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

(f) Certain New Jersey Home Loans

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

(g) Certain New Mexico Home Loans

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.



## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its [Servicer](#) must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

2A

Page 2A.10

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could:

(i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

## GMAC-RFC

2A

Page 2A.11  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the Mortgaged Premises are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The Security Instrument requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

**For each Loan for which an appraisal is required or obtained under this Client Guide, (a)** The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide, **and (b)** as of the Funding Date, the market Value of the Mortgaged Premises is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

2A

Page 2A.12

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

#### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

#### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

#### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

#### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

- If the Client sells Jumbo A or Expanded Criteria Loans to GMAC-RFC, the Client is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or state authority or a [HUD](#) approved non-supervised mortgagee.
- Each Jumbo A and Expanded Criteria Loan was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or a HUD approved non-supervised mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator") or (iii) closed in the name of the loan broker.
- All Loans closed in the name of a loan broker (including but not limited to Jumbo A and Expanded Criteria Loans) were originated under the circumstances described in the following sentence: If the Loan was originated through a loan broker, the originator approved the Loan prior to funding by the loan broker and the originator acquired the Loan from the loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

2A

Page 2A.14

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3](#) of this Client Guide.

#### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

#### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

#### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

#### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

## GMAC-RFC

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan, including without limitation the originator, broker, title company or appraiser, was named on the version of the [Exclusionary List](#) that was effective on the date of the promissory Note for that particular Loan.

## **A203**

### **Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program**

The Home Equity Loan Program adheres to the Client representations, warranties and covenants stated below as well as the representations, warranties and covenants contained in this Client Guide.

Unless the Home Equity Loan is a valid first lien on the [Mortgaged Premises](#), the following representation and warranty applies:

#### **Valid Second Lien**

Each [Security Instrument](#) transferred to GMAC-RFC constitutes a valid lien on the Mortgaged Premises which is subordinated only to a lien of the holder of a first mortgage Loan, and is subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter. No such impediment shall adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises.

The following additional representations and warranties are made by the Client to GMAC-RFC as of the [Purchase Date](#) of each Home Equity Loan:

### **(A) Licensing**

The Client and any agents or correspondents originating for the Client have obtained all licenses and approvals required with respect to the origination of the Home Equity Loans, including, to the extent applicable, licenses and approvals required for small Loans or small advances and licenses and approvals required to charge the maximum interest rate allowable under State law.

### **(B) No Contractor or Dealer Loans**

No home improvement contractor or dealer was involved as a third party originator of a Home Equity Loan or received compensation in any form from the Client.

### **(C) No Borrower Defenses or Claims**

No unresolved defense or claim has been made or asserted in writing by the Borrower with respect to the Home Equity Loan, including, without limitation, any defenses or claims based on unsatisfactory workmanship or materials in connection with any home improvements financed with the proceeds of the Home Equity Loan.



## GMAC-RFC

**2A**  
Page 2A.19  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **A205**

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#### **Proof of Compliance**

The Client will, upon the request of GMAC-RFC, supply proof satisfactory to GMAC-RFC of its:

- (1) Compliance with all representations and warranties contained in this Client Guide, and
- (2) Compliance with all local, State and federal laws, rules and regulations.

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.



## GMAC-RFC

### **A208**

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#### **Events of Default**

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

2A

Page 2A.22

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

2A

Page 2A.24

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### (B) Repurchase Price of First Mortgage Programs

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of [Chapter 9](#) of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

2A

Page 2A.25  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliates](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.26

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Premium](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Premium be greater than the original Servicing Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase As a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.27  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.



# EXHIBIT B-6

## *Client Guide*

# **GMAC RFC**

Version 1-05-G01

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(01/01/05)

# GMAC-RFC

Page 1  
01/01/05  
Client Guide  
Table of Contents

---

## Table of Contents

---

## Chapter 1, Introduction

<u>100</u>	<u>GMAC-RFC Objective</u>	<u>1.1</u>
<u>101</u>	<u>Client Contractual Obligations</u>	<u>1.1</u>
<u>102</u>	<u>Single Contract</u>	<u>1.1</u>
<u>103</u>	<u>Relationship of GMAC-RFC and Client</u>	<u>1.2</u>
<u>104</u>	<u>Client ID Number</u>	<u>1.2</u>
<u>105</u>	<u>GMAC-RFC Loan Number</u>	<u>1.2</u>
<u>106</u>	<u>Servicer Contractual Obligations</u>	<u>1.2</u>
<u>107</u>	<u>Notice</u>	<u>1.3</u>
<u>108</u>	<u>Hours of Operation and Holidays</u>	<u>1.3</u>
<u>109</u>	<u>Client Guide Organization</u>	<u>1.3</u>
<u>110</u>	<u>Headings, Use of Capitalization and Definitions</u>	<u>1.4</u>
<u>111</u>	<u>Form &amp; Exhibit Numbering</u>	<u>1.4</u>
<u>112</u>	<u>Client Guide Online</u>	<u>1.4</u>
<u>113</u>	<u>General Rules of Interpretation</u>	<u>1.4</u>
<u>114</u>	<u>Use of Client's Name</u>	<u>1.5</u>
<u>115</u>	<u>Use of GMAC-RFC Name and Service Marks</u>	<u>1.6</u>
<u>116</u>	<u>Assetinfo</u>	<u>1.6</u>

---

## Chapter 2, Client Eligibility

<u>200</u>	<u>Client Eligibility</u>	<u>2.1</u>
<u>201</u>	<u>Eligibility Standards</u>	<u>2.2</u>
<u>202</u>	<u>Client Contract</u>	<u>2.4</u>
<u>203</u>	<u>Client Underwriting Responsibilities</u>	<u>2.4</u>
<u>204</u>	<u>Continuing Client Obligations</u>	<u>2.4</u>
<u>205</u>	<u>Disqualification, Suspension or Inactivation</u>	<u>2.4</u>
<u>206</u>	<u>Reporting Requirements</u>	<u>2.6</u>
<u>207</u>	<u>Audits and Inspections</u>	<u>2.7</u>
<u>208</u>	<u>Disclosure of Information</u>	<u>2.7</u>
<u>209</u>	<u>Maintenance of Records</u>	<u>2.7</u>
<u>210</u>	<u>Quality Control</u>	<u>2.8</u>

## GMAC-RFC

# Chapter 2A, Representations, Warranties and Covenants

<a href="#"><u>A200</u></a>	<a href="#"><u>Client Representations Warranties and Covenants</u></a>	<a href="#"><u>2A.1</u></a>
<a href="#"><u>A201</u></a>	<a href="#"><u>Specific Representations, Warranties and Covenants</u></a>	
	<a href="#"><u>Concerning Client</u></a>	<a href="#"><u>2A.2</u></a>
<a href="#"><u>A202</u></a>	<a href="#"><u>Specific Representations, Warranties and Covenants</u></a>	
	<a href="#"><u>Concerning Individual Loans</u></a>	<a href="#"><u>2A.5</u></a>
<a href="#"><u>A203</u></a>	<a href="#"><u>Additional Client Representations, Warranties and Covenants</u></a>	
	<a href="#"><u>for the Home Equity Loan Program</u></a>	<a href="#"><u>2A.15</u></a>
<a href="#"><u>A204</u></a>	<a href="#"><u>Non-Standard Documents</u></a>	<a href="#"><u>2A.17</u></a>
<a href="#"><u>A205</u></a>	<a href="#"><u>Proof of Compliance</u></a>	<a href="#"><u>2A.19</u></a>
<a href="#"><u>A206</u></a>	<a href="#"><u>Integrity of Information</u></a>	<a href="#"><u>2A.19</u></a>
<a href="#"><u>A207</u></a>	<a href="#"><u>Third-Party Originators</u></a>	<a href="#"><u>2A.20</u></a>
<a href="#"><u>A208</u></a>	<a href="#"><u>Events of Default</u></a>	<a href="#"><u>2A.21</u></a>
<a href="#"><u>A209</u></a>	<a href="#"><u>Remedies of GMAC-RFC</u></a>	<a href="#"><u>2A.22</u></a>
<a href="#"><u>A210</u></a>	<a href="#"><u>Repurchase</u></a>	<a href="#"><u>2A.23</u></a>
<a href="#"><u>A211</u></a>	<a href="#"><u>Disqualification Suspension or Inactivation</u></a>	<a href="#"><u>2A.28</u></a>
<a href="#"><u>A212</u></a>	<a href="#"><u>Indemnification</u></a>	<a href="#"><u>2A.29</u></a>
<a href="#"><u>A213</u></a>	<a href="#"><u>Right of Set-Off</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A214</u></a>	<a href="#"><u>Merger or Consolidation of Client</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A215</u></a>	<a href="#"><u>Notification of Changes in Client Status</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A216</u></a>	<a href="#"><u>Premium Recapture</u></a>	<a href="#"><u>2A.31</u></a>

## GMAC-RFC

Page 3  
01/01/05  
Client Guide  
Table of Contents

---

### Chapter 3, Loan Eligibility

<u>300</u>	<u>Loan Seasoning</u>	<u>3.1</u>
<u>301</u>	<u>Occupancy Types</u>	<u>3.1</u>
<u>302</u>	<u>Borrower Types</u>	<u>3.2</u>
<u>303</u>	<u>Required Signatures</u>	<u>3.4</u>
<u>304</u>	<u>Multiple Loans to One Borrower</u>	<u>3.4</u>
<u>305</u>	<u>Ownership Interests</u>	<u>3.5</u>
<u>306</u>	<u>Arm's Length and Non-Arm's Length Transactions</u>	<u>3.9</u>
<u>307</u>	<u>Transaction Types</u>	<u>3.9</u>
<u>308</u>	<u>Inherited Properties</u>	<u>3.17</u>
<u>309</u>	<u>Determining Amount to Be Financed</u>	<u>3.18</u>
<u>310</u>	<u>Calculating Loan-to-Value Ratios</u>	<u>3.18</u>
<u>311</u>	<u>Secondary or Subordinate Financing</u>	<u>3.21</u>
<u>312</u>	<u>Sales Concessions or Home-seller Subsidy</u>	<u>3.22</u>
<u>313</u>	<u>Note Requirements</u>	<u>3.22</u>
<u>314</u>	<u>Loan Documents</u>	<u>3.25</u>
<u>315</u>	<u>Escrow Issues</u>	<u>3.29</u>
<u>316</u>	<u>Temporary Buydowns</u>	<u>3.30</u>
<u>317</u>	<u>Current Payment History</u>	<u>3.32</u>
<u>318</u>	<u>Property Issues</u>	<u>3.32</u>
<u>319</u>	<u>Texas Equity Loans</u>	<u>3.32</u>
<u>320</u>	<u>Eligible Property Types</u>	<u>3.35</u>
<u>321</u>	<u>Ineligible Property Types</u>	<u>3.40</u>
<u>322</u>	<u>Project Requirements for Warrantable Condominiums and PUDs</u>	<u>3.40</u>
<u>323</u>	<u>Insurance Requirements</u>	<u>3.46</u>
<u>324</u>	<u>Survey Requirements</u>	<u>3.60</u>

## GMAC-RFC

### Chapter 4, Underwriting

400	<u>Underwriting</u>	4.1
401	<u>Client Underwriting Responsibility</u>	4.1
402	<u>GMAC-RFC Underwriting Review</u>	4.2
403	<u>Loan Application Analysis</u>	4.2
404	<u>Credit Report Requirements</u>	4.3
405	<u>Credit Score Requirements</u>	4.3
406	<u>Selecting Credit Score</u>	4.4
407	<u>Minimum Credit History</u>	4.4
408	<u>Credit Evaluation Overview</u>	4.5
409	<u>Credit Evaluation Components</u>	4.5
410	<u>Upgrading the Credit Grade</u>	4.11
411	<u>Borrower's Liabilities</u>	4.15
412	<u>Debt Payoff</u>	4.15
413	<u>Co-Signed Debt</u>	4.15
414	<u>Divorce Debt</u>	4.16
415	<u>Business Debt</u>	4.16
416	<u>Borrower Capacity</u>	4.16
417	<u>Student Loan</u>	4.16
418	<u>Qualifying Ratios—Payment</u>	4.17
419	<u>Electronic Documentation Standards</u>	4.18
420	<u>Borrower Income</u>	4.19
421	<u>Income Types</u>	4.19
422	<u>Wage Earners</u>	4.19
423	<u>Self-Employed Income</u>	4.20
424	<u>Fixed Income</u>	4.22
425	<u>Rental Income</u>	4.23
426	<u>Other Income</u>	4.25
427	<u>Employment and Income Analysis</u>	4.26
428	<u>Income Documentation</u>	4.27
429	<u>Full Income Documentation Requirements</u>	4.28
430	<u>Lite Income Documentation Requirements</u>	4.31
431	<u>One Paystub Income Documentation Requirements</u>	4.31
432	<u>Fast Income Documentation Requirements</u>	4.32
433	<u>Stated Income Documentation Requirements</u>	4.35
434	<u>Stated Income/ Stated Asset Documentation Requirements</u>	4.36
435	<u>No Ratio Documentation Requirements</u>	4.38
436	<u>No Income/ No Asset Documentation Requirements</u>	4.39
437	<u>Trailing or Relocating Co-Borrower</u>	4.40
440	<u>Cash to Close</u>	4.41
441	<u>Collateral Property Underwriting</u>	4.46
442	<u>Appraiser Requirements</u>	4.46
443	<u>Appraisal Requirements</u>	4.47
444	<u>Appraisal Evaluation</u>	4.50
445	<u>Additional Review Considerations</u>	4.60

## GMAC-RFC

---

### Chapter 4A, Electronic Services

<a href="#">A400</a>	<a href="#">Overview and Incorporation of Terms of Use</a>	<a href="#">4A.1</a>
<a href="#">A401</a>	<a href="#">Assetwise</a>	<a href="#">4A.2</a>
<a href="#">A402</a>	<a href="#">Assetwise Compliance Engine</a>	<a href="#">4A.5</a>

---

### Chapter 5, Products

<a href="#">500</a>	<a href="#">Product Descriptions</a>	<a href="#">5.1</a>
<a href="#">501</a>	<a href="#">Fixed-Rate Mortgages (FRM)</a>	<a href="#">5.3</a>
<a href="#">502</a>	<a href="#">Adjustable Rate Mortgages (ARM)</a>	<a href="#">5.6</a>
<a href="#">503</a>	<a href="#">Balloon Mortgages</a>	<a href="#">5.61</a>
<a href="#">504</a>	<a href="#">1st Lien Line of Credit</a>	<a href="#">5.62</a>

---

### Chapter 6, Loan Programs

<a href="#">600</a>	<a href="#">Loan Programs</a>	<a href="#">6.1</a>
---------------------	-------------------------------	---------------------

---

### Chapter 6A, Jumbo A Loan Program

<a href="#">A600</a>	<a href="#">Jumbo A Program</a>	<a href="#">6A.1</a>
<a href="#">A601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6A.1</a>
<a href="#">A602</a>	<a href="#">Stated Income Documentation</a>	<a href="#">6A.12</a>
<a href="#">A603</a>	<a href="#">EasyFi or Streamline Refinance</a>	<a href="#">6A.14</a>

## GMAC-RFC

---

### Chapter 6B, Expanded Criteria Loan Program

<a href="#">B600 Expanded Criteria Program</a>	6B.1
<a href="#">B601 Eligibility Standards</a>	6B.1
<a href="#">B602 Stated Income Documentation</a>	6B.16
<a href="#">B603 Stated Income/ Stated Asset Documentation</a>	6B.20
<a href="#">B604 No Ratio Documentation</a>	6B.22
<a href="#">B605 No Income/ No Asset Documentation</a>	6B.26
<a href="#">B606 Uninsured LTV</a>	6B.28

---

### Chapter 6C, 100% Combo Loan Program

<a href="#">C600 100% Combo Loan Program</a>	6C.1
<a href="#">C601 Eligibility Standards</a>	6C.1

---

### Chapter 6D, Home Solution Loan Program

<a href="#">D600 Home Solution Program</a>	6D.1
<a href="#">D601 Eligibility Standards</a>	6D.1

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

<a href="#">E600 AlterNet/ Credit Gap Program</a>	6E.1
<a href="#">E601 Eligibility Standards</a>	6E.1

---

### Chapter 6F, Performance Loan Program

<a href="#">F600 Performance Loan Program</a>	6F.1
<a href="#">F601 Eligibility Standards</a>	6F.1



## GMAC-RFC

Page 7  
01/01/05  
Client Guide  
Table of Contents

---

### Chapter 6G, 1st Lien Line of Credit Loan Program

<a href="#">G600 1st Lien Line of Credit Loan Program</a>	6G.1
<a href="#">G601 Eligibility Standards</a>	6G.1
<a href="#">G602 Supplemental 1st Lien Line of Credit Information</a>	6G.11

---

### Chapter 6H, Home Equity Loan Program

<a href="#">H600 Home Equity Program</a>	6H.1
<a href="#">H601 Eligibility Standards</a>	6H.1
<a href="#">H602 Supplemental Home Equity Information</a>	6H.15
<a href="#">H603 Home Equity Program Goal Line Product Description</a>	6H.17
<a href="#">H604 Home Equity Program Goal Loan Description</a>	6H.21

---

### Chapter 6I, 125 CLTV Loan Program

<a href="#">I600 125 CLTV Loan Program</a>	6I.1
<a href="#">I601 Eligibility Standards</a>	6I.1
<a href="#">I602 Supplemental 125 CLTV Program Information</a>	6I.15

---

### Chapter 6J, Non-Standard Loan Program

<a href="#">J600 Non-Standard Loan Program</a>	6J.1
<a href="#">J601 Ineligible Loans</a>	6J.1

---

### Chapter 7, At-A-Glances

<a href="#">700 Program At-A-Glances</a>	7.1
--	-----

## GMAC-RFC

---

### Chapter 8, Servicing Released

<u>800</u>	<u>Servicing Released</u>	8.1
<u>801</u>	<u>Program Overview</u>	8.1
<u>802</u>	<u>Designated Servicer</u>	8.2
<u>803</u>	<u>Contractual Obligations</u>	8.2
<u>804</u>	<u>Program Eligibility</u>	8.2
<u>805</u>	<u>Disqualification Suspension or Inactivation</u>	8.2
<u>806</u>	<u>Restrictions on Loan Eligibility</u>	8.3
<u>807</u>	<u>Record Maintenance</u>	8.3
<u>808</u>	<u>Final Documents</u>	8.3
<u>809</u>	<u>Disclosure of Information; Cooperation</u>	8.3
<u>810</u>	<u>Client Representations and Warranties; Events of Servicer Default</u>	
	<u>Prior to Transfer</u>	8.4
<u>811</u>	<u>Specific Warranties and Covenants</u>	8.4
<u>812</u>	<u>Notification of Change in Servicer</u>	8.8
<u>813</u>	<u>Escrow Account for Postponed Improvements/ Repairs</u>	8.9
<u>814</u>	<u>Interest on Escrows</u>	8.9
<u>815</u>	<u>Termination of Automatic Payment</u>	8.9
<u>816</u>	<u>Purchase of Servicing</u>	8.9
<u>817</u>	<u>Servicing Released Submission of Purchase</u>	8.9
<u>818</u>	<u>Required Servicing Documents</u>	8.10
<u>819</u>	<u>Sale Date and Effective Date of Servicing Transfer</u>	8.11
<u>820</u>	<u>Reconciliation by GMAC-RFC</u>	8.12
<u>821</u>	<u>Notification of Purchase</u>	8.14
<u>822</u>	<u>Monies Paid for Servicing Released</u>	8.14
<u>823</u>	<u>Monies Due Client</u>	8.15
<u>824</u>	<u>Monies Due Designated Servicer</u>	8.16
<u>825</u>	<u>Loans Paid in Full</u>	8.17
<u>826</u>	<u>Servicing Document Corrections</u>	8.17
<u>827</u>	<u>Bulk Servicing Acquisitions</u>	8.17
<u>828</u>	<u>Subservicing Election</u>	8.18

## GMAC-RFC

### Chapter 9, Commitment and Delivery

900	<a href="#">Commitment and Delivery—First Mortgage Product</a>	9.1
901	<a href="#">Commitment Rate, Fee and Price Information</a>	9.1
902	<a href="#">Authorized Rates and Prices</a>	9.1
903	<a href="#">Electronic Loan Data Delivery</a>	9.1
904	<a href="#">Wire Transfer Authorization</a>	9.2
905	<a href="#">Notification of Wire Transfer</a>	9.2
906	<a href="#">Best Efforts</a>	9.3
907	<a href="#">Commitment Rate and Price Information</a>	9.3
908	<a href="#">Best Efforts Delivery Commitment Periods</a>	9.4
909	<a href="#">Best Efforts Servicing Options</a>	9.5
910	<a href="#">Commitment Amounts and Variance</a>	9.5
911	<a href="#">Ordering Best Efforts Delivery Commitment</a>	9.6
912	<a href="#">Mandatory Delivery Commitments</a>	9.7
913	<a href="#">Mandatory Delivery Servicing Options</a>	9.7
914	<a href="#">Commitment Amounts</a>	9.7
915	<a href="#">Ordering Mandatory Delivery Commitments</a>	9.8
916	<a href="#">Delivery Under Mandatory Delivery Commitment</a>	9.8
917	<a href="#">Corrections and Substitutions</a>	9.9
918	<a href="#">Buyouts and Extensions</a>	9.9
919	<a href="#">Over-Delivery Procedures</a>	9.10
920	<a href="#">Mandatory Delivery Commitment Expirations</a>	9.10
921	<a href="#">Transferability of Commitments</a>	9.10
922	<a href="#">Delivery for Funding</a>	9.11
923	<a href="#">Submission of Funding Documents</a>	9.11
924	<a href="#">Required Funding Documents</a>	9.11
925	<a href="#">Required Servicing Documents for First Mortgage Deliveries</a>	9.15
926	<a href="#">Obligation to Sell Upon Submission of Funding Documents</a>	9.15
927	<a href="#">Loan Purchase</a>	9.15
928	<a href="#">Wire Transfer Process</a>	9.16
929	<a href="#">Funding Amount</a>	9.16
930	<a href="#">Notification of Wire Transfer</a>	9.18
931	<a href="#">Payoff Prior to Funding Date</a>	9.19
932	<a href="#">Loans Paid in Full</a>	9.19
933	<a href="#">Failure to Comply with GMAC-RFC Remittance Requirements</a>	9.20
934	<a href="#">Final Document Delivery</a>	9.21
935	<a href="#">Submission of Final Documents</a>	9.21
936	<a href="#">Required Final Documents</a>	9.22
937	<a href="#">Extensions for Final Delivery</a>	9.22
938	<a href="#">Request for Additional Documentation</a>	9.23
939	<a href="#">Commitment and Delivery Registration for 1st Lien Lines of Credit</a>	9.23
940	<a href="#">Commitment and Delivery Registration for Goal Lines of Credit</a>	9.27
941	<a href="#">Commitment and Delivery Registration for Goal Loan and 125 CLTV</a>	
	<a href="#">Closed-End Second Mortgages</a>	9.29
942	<a href="#">Assetinfo</a>	9.33
943	<a href="#">MERS Loan Registration, Transfer and Delivery Requirements</a>	9.33

Page 10  
01/01/05  
Client Guide  
Table of Contents

## GMAC-RFC

---

### Chapter 10, Definitions

---

### Chapter 11, Forms & Exhibits

<a href="#"><u>1100 GMAC-RFC Forms &amp; Exhibits</u></a>	<a href="#"><u>11.1</u></a>
---	-----------------------------

2A

Page 2A.2

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

GMAC-RFC

## A201

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### Specific Representations, Warranties and Covenants Concerning Client

#### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client and, in any event, Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each [Funding Date](#).

#### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

#### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.



# 2A

## GMAC-RFC

Page 2A.6

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

2A

Page 2A.8

01/01/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### I (c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### (d) State and Local High Cost Loans

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any state or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### (e) Certain Georgia Home Loans

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### (f) Certain New Jersey Home Loans

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### (g) Certain New Mexico Home Loans

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its [Servicer](#) must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

2A

Page 2A.10

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could:

(i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

## GMAC-RFC

2A

Page 2A.11  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the Mortgaged Premises are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The Security Instrument requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, (a) The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide, and (b) as of the Funding Date, the market Value of the Mortgaged Premises is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.



2A

Page 2A.12

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

#### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

#### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

#### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

#### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

- If the Client sells Jumbo A or Expanded Criteria Loans to GMAC-RFC, the Client is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or state authority or a [HUD](#) approved non-supervised mortgagee.
- Each Jumbo A and Expanded Criteria Loan was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or a HUD approved non-supervised mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator") or (iii) closed in the name of the loan broker.
- All Loans closed in the name of a loan broker (including but not limited to Jumbo A and Expanded Criteria Loans) were originated under the circumstances described in the following sentence: If the Loan was originated through a loan broker, the originator approved the Loan prior to funding by the loan broker and the originator acquired the Loan from the loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.



2A

Page 2A.14

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3](#) of this Client Guide.

#### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

#### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

#### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

#### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

## GMAC-RFC

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan, including without limitation the originator, broker, title company or appraiser, was named on the version of the [Exclusionary List](#) that was effective on the date of the promissory Note for that particular Loan.

## **A203**

### **Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program**

The Home Equity Loan Program adheres to the Client representations, warranties and covenants stated below as well as the representations, warranties and covenants contained in this Client Guide.

Unless the Home Equity Loan is a valid first lien on the [Mortgaged Premises](#), the following representation and warranty applies:

#### **Valid Second Lien**

Each [Security Instrument](#) transferred to GMAC-RFC constitutes a valid lien on the Mortgaged Premises which is subordinated only to a lien of the holder of a first mortgage Loan, and is subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter. No such impediment shall adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises.

The following additional representations and warranties are made by the Client to GMAC-RFC as of the [Purchase Date](#) of each Home Equity Loan:

### **(A) Licensing**

The Client and any agents or correspondents originating for the Client have obtained all licenses and approvals required with respect to the origination of the Home Equity Loans, including, to the extent applicable, licenses and approvals required for small Loans or small advances and licenses and approvals required to charge the maximum interest rate allowable under State law.

### **(B) No Contractor or Dealer Loans**

No home improvement contractor or dealer was involved as a third party originator of a Home Equity Loan or received compensation in any form from the Client.

### **(C) No Borrower Defenses or Claims**

No unresolved defense or claim has been made or asserted in writing by the Borrower with respect to the Home Equity Loan, including, without limitation, any defenses or claims based on unsatisfactory workmanship or materials in connection with any home improvements financed with the proceeds of the Home Equity Loan.

## GMAC-RFC

**2A**  
Page 2A.19  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **A205**

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#### **Proof of Compliance**

The Client will, upon the request of GMAC-RFC, supply proof satisfactory to GMAC-RFC of its:

- (1) Compliance with all representations and warranties contained in this Client Guide, and
- (2) Compliance with all local, State and federal laws, rules and regulations.

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

## GMAC-RFC

### **A208**

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#### **Events of Default**

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

2A

Page 2A.22

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular Event of Default will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related Funding Documents, or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

2A

Page 2A.24

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### (B) Repurchase Price of First Mortgage Programs

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of [Chapter 9](#) of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliates](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.



2A

Page 2A.26

GMAC-RFC

01/01/05

Client Guide

Representations,  
Warranties and  
Covenants

#### (D) Repurchase Price of a Servicing Released Loan

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing [Released](#) Premium be greater than the original Servicing [Released](#) Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### (E) Repurchase As a Result of Conversion

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.27  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(F) Substitution**

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### **(G) Cost of Transfer Fees Due to Repurchase**

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### **(H) Notice and Appeal**

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-7

## *Client Guide*

# **GMAC RFC**

Version 1-05-G02

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(04/01/05)

# GMAC-RFC

Page 1  
04/01/05  
Client Guide  
Table of Contents

---

## Table of Contents

---

### Chapter 1, Introduction

<u>100</u>	<u>GMAC-RFC Objective</u>	<u>1.1</u>
<u>101</u>	<u>Client Contractual Obligations</u>	<u>1.1</u>
<u>102</u>	<u>Single Contract</u>	<u>1.1</u>
<u>103</u>	<u>Relationship of GMAC-RFC and Client</u>	<u>1.2</u>
<u>104</u>	<u>Client ID Number</u>	<u>1.2</u>
<u>105</u>	<u>GMAC-RFC Loan Number</u>	<u>1.2</u>
<u>106</u>	<u>Servicer Contractual Obligations</u>	<u>1.2</u>
<u>107</u>	<u>Notice</u>	<u>1.3</u>
<u>108</u>	<u>Hours of Operation and Holidays</u>	<u>1.3</u>
<u>109</u>	<u>Client Guide Organization</u>	<u>1.3</u>
<u>110</u>	<u>Headings, Use of Capitalization and Definitions</u>	<u>1.4</u>
<u>111</u>	<u>Form &amp; Exhibit Numbering</u>	<u>1.4</u>
<u>112</u>	<u>Client Guide Online</u>	<u>1.4</u>
<u>113</u>	<u>General Rules of Interpretation</u>	<u>1.4</u>
<u>114</u>	<u>Use of Client's Name</u>	<u>1.5</u>
<u>115</u>	<u>Use of GMAC-RFC Name and Service Marks</u>	<u>1.6</u>
<u>116</u>	<u>Assetinfo</u>	<u>1.6</u>

---

### Chapter 2, Client Eligibility

<u>200</u>	<u>Client Eligibility</u>	<u>2.1</u>
<u>201</u>	<u>Eligibility Standards</u>	<u>2.2</u>
<u>202</u>	<u>Client Contract</u>	<u>2.4</u>
<u>203</u>	<u>Client Underwriting Responsibilities</u>	<u>2.4</u>
<u>204</u>	<u>Continuing Client Obligations</u>	<u>2.4</u>
<u>205</u>	<u>Disqualification, Suspension or Inactivation</u>	<u>2.4</u>
<u>206</u>	<u>Reporting Requirements</u>	<u>2.6</u>
<u>207</u>	<u>Audits and Inspections</u>	<u>2.7</u>
<u>208</u>	<u>Disclosure of Information</u>	<u>2.7</u>
<u>209</u>	<u>Maintenance of Records</u>	<u>2.7</u>
<u>210</u>	<u>Quality Control</u>	<u>2.8</u>

## GMAC-RFC

---

# Chapter 3, Representations, Warranties and Covenants

<a href="#"><u>A200</u></a>	<a href="#"><u>Client Representations Warranties and Covenants</u></a>	<a href="#"><u>2A.1</u></a>
<a href="#"><u>A201</u></a>	<a href="#"><u>Specific Representations, Warranties and Covenants</u></a>	
	<a href="#"><u>Concerning Client</u></a>	<a href="#"><u>2A.2</u></a>
<a href="#"><u>A202</u></a>	<a href="#"><u>Specific Representations, Warranties and Covenants</u></a>	
	<a href="#"><u>Concerning Individual Loans</u></a>	<a href="#"><u>2A.5</u></a>
<a href="#"><u>A203</u></a>	<a href="#"><u>Additional Client Representations, Warranties and Covenants</u></a>	
	<a href="#"><u>for the Home Equity Loan Program</u></a>	<a href="#"><u>2A.15</u></a>
<a href="#"><u>A204</u></a>	<a href="#"><u>Non-Standard Documents</u></a>	<a href="#"><u>2A.17</u></a>
<a href="#"><u>A205</u></a>	<a href="#"><u>Proof of Compliance</u></a>	<a href="#"><u>2A.19</u></a>
<a href="#"><u>A206</u></a>	<a href="#"><u>Integrity of Information</u></a>	<a href="#"><u>2A.19</u></a>
<a href="#"><u>A207</u></a>	<a href="#"><u>Third-Party Originators</u></a>	<a href="#"><u>2A.20</u></a>
<a href="#"><u>A208</u></a>	<a href="#"><u>Events of Default</u></a>	<a href="#"><u>2A.21</u></a>
<a href="#"><u>A209</u></a>	<a href="#"><u>Remedies of GMAC-RFC</u></a>	<a href="#"><u>2A.22</u></a>
<a href="#"><u>A210</u></a>	<a href="#"><u>Repurchase</u></a>	<a href="#"><u>2A.23</u></a>
<a href="#"><u>A211</u></a>	<a href="#"><u>Disqualification Suspension or Inactivation</u></a>	<a href="#"><u>2A.28</u></a>
<a href="#"><u>A212</u></a>	<a href="#"><u>Indemnification</u></a>	<a href="#"><u>2A.29</u></a>
<a href="#"><u>A213</u></a>	<a href="#"><u>Right of Set-Off</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A214</u></a>	<a href="#"><u>Merger or Consolidation of Client</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A215</u></a>	<a href="#"><u>Notification of Changes in Client Status</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A216</u></a>	<a href="#"><u>Premium Recapture</u></a>	<a href="#"><u>2A.31</u></a>

## GMAC-RFC

### Chapter 3, Loan Eligibility

<u>300</u>	<u>Loan Seasoning</u>	<u>3.1</u>
<u>301</u>	<u>Occupancy Types</u>	<u>3.1</u>
<u>302</u>	<u>Borrower Types</u>	<u>3.2</u>
<u>303</u>	<u>Required Signatures</u>	<u>3.4</u>
<u>304</u>	<u>Multiple Loans to One Borrower</u>	<u>3.4</u>
<u>305</u>	<u>Ownership Interests</u>	<u>3.5</u>
<u>306</u>	<u>Arm's Length and Non-Arm's Length Transactions</u>	<u>3.9</u>
<u>307</u>	<u>Transaction Types</u>	<u>3.9</u>
<u>308</u>	<u>Inherited Properties</u>	<u>3.17</u>
<u>309</u>	<u>Determining Amount to Be Financed</u>	<u>3.18</u>
<u>310</u>	<u>Calculating Loan-to-Value Ratios</u>	<u>3.18</u>
<u>311</u>	<u>Secondary or Subordinate Financing</u>	<u>3.21</u>
<u>312</u>	<u>Sales Concessions or Home-seller Subsidy</u>	<u>3.22</u>
<u>313</u>	<u>Note Requirements</u>	<u>3.22</u>
<u>314</u>	<u>Loan Documents</u>	<u>3.25</u>
<u>315</u>	<u>Escrow Issues</u>	<u>3.29</u>
<u>316</u>	<u>Temporary Buydowns</u>	<u>3.30</u>
<u>317</u>	<u>Current Payment History</u>	<u>3.32</u>
<u>318</u>	<u>Property Issues</u>	<u>3.32</u>
<u>319</u>	<b>West Virginia Loans</b>	<u>3.32</u>
<u>320</u>	<u>Texas Equity Loans</u>	<u>3.32</u>
<u>321</u>	<u>Eligible Property Types</u>	<u>3.36</u>
<u>322</u>	<u>Ineligible Property Types</u>	<u>3.40</u>
<u>323</u>	<u>Project Requirements for Warrantable Condominiums and PUDs</u>	<u>3.41</u>
<u>324</u>	<u>Insurance Requirements</u>	<u>3.47</u>
<u>325</u>	<u>Survey Requirements</u>	<u>3.62</u>



## GMAC-RFC

### Chapter 4, Underwriting

400	<a href="#">Underwriting</a>	4.1
401	<a href="#">Client Underwriting Responsibility</a>	4.1
402	<a href="#">GMAC-RFC Underwriting Review</a>	4.2
403	<a href="#">Loan Application Analysis</a>	4.2
404	<a href="#">Credit Report Requirements</a>	4.3
405	<a href="#">Credit Score Requirements</a>	4.3
406	<a href="#">Selecting Credit Score</a>	4.4
407	<a href="#">Minimum Credit History</a>	4.4
408	<a href="#">Credit Evaluation Overview</a>	4.5
409	<a href="#">Credit Evaluation Components</a>	4.5
410	<a href="#">Upgrading the Credit Grade</a>	4.11
411	<a href="#">Borrower's Liabilities</a>	4.15
412	<a href="#">Debt Payoff</a>	4.15
413	<a href="#">Co-Signed Debt</a>	4.15
414	<a href="#">Divorce Debt</a>	4.16
415	<a href="#">Business Debt</a>	4.16
416	<a href="#">Borrower Capacity</a>	4.16
417	<a href="#">Student Loan</a>	4.16
418	<a href="#">Qualifying Ratios—Payment</a>	4.17
419	<a href="#">Electronic Documentation Standards</a>	4.18
420	<a href="#">Borrower Income</a>	4.19
421	<a href="#">Income Types</a>	4.19
422	<a href="#">Wage Earners</a>	4.19
423	<a href="#">Self-Employed Income</a>	4.20
424	<a href="#">Fixed Income</a>	4.22
425	<a href="#">Rental Income</a>	4.23
426	<a href="#">Other Income</a>	4.25
427	<a href="#">Employment and Income Analysis</a>	4.26
428	<a href="#">Income Documentation</a>	4.27
429	<a href="#">Full Income Documentation Requirements</a>	4.28
430	<a href="#">Lite Income Documentation Requirements</a>	4.31
431	<a href="#">One Paystub Income Documentation Requirements</a>	4.31
432	<a href="#">Fast Income Documentation Requirements</a>	4.32
433	<a href="#">Stated Income Documentation Requirements</a>	4.35
434	<a href="#">Stated Income/ Stated Asset Documentation Requirements</a>	4.36
435	<a href="#">No Ratio Documentation Requirements</a>	4.38
436	<a href="#">No Income/ No Asset Documentation Requirements</a>	4.39
437	<a href="#">Trailing or Relocating Co-Borrower</a>	4.40
440	<a href="#">Cash to Close</a>	4.41
441	<a href="#">Collateral Property Underwriting</a>	4.46
442	<a href="#">Appraiser Requirements</a>	4.46
443	<a href="#">Appraisal Requirements</a>	4.47
444	<a href="#">Appraisal Evaluation</a>	4.50
445	<a href="#">Additional Review Considerations</a>	4.60

## GMAC-RFC

---

### Chapter 4A, Electronic Services

<a href="#">A400</a>	<a href="#">Overview and Incorporation of Terms of Use</a>	<a href="#">4A.1</a>
<a href="#">A401</a>	<a href="#">Assetwise</a>	<a href="#">4A.2</a>
<a href="#">A402</a>	<a href="#">Assetwise Compliance Engine</a>	<a href="#">4A.5</a>

---

### Chapter 5, Products

<a href="#">500</a>	<a href="#">Product Descriptions</a>	<a href="#">5.1</a>
<a href="#">501</a>	<a href="#">Fixed-Rate Mortgages (FRM)</a>	<a href="#">5.3</a>
<a href="#">502</a>	<a href="#">Adjustable Rate Mortgages (ARM)</a>	<a href="#">5.6</a>
<a href="#">503</a>	<a href="#">Balloon Mortgages</a>	<a href="#">5.61</a>
<a href="#">504</a>	<a href="#">1st Lien Line of Credit</a>	<a href="#">5.62</a>

---

### Chapter 6, Loan Programs

<a href="#">600</a>	<a href="#">Loan Programs</a>	<a href="#">6.1</a>
---------------------	-------------------------------	---------------------

---

### Chapter 6A, Jumbo A Loan Program

<a href="#">A600</a>	<a href="#">Jumbo A Program</a>	<a href="#">6A.1</a>
<a href="#">A601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6A.1</a>
<a href="#">A602</a>	<a href="#">Stated Income Documentation</a>	<a href="#">6A.12</a>
<a href="#">A603</a>	<a href="#">EasyFi or Streamline Refinance</a>	<a href="#">6A.14</a>

---

### Chapter 6B, Expanded Criteria Loan Program

<a href="#">B600</a>	<a href="#">Expanded Criteria Program</a>	<a href="#">6B.1</a>
<a href="#">B601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6B.1</a>
<a href="#">B602</a>	<a href="#">Stated Income Documentation</a>	<a href="#">6B.16</a>
<a href="#">B603</a>	<a href="#">Stated Income/ Stated Asset Documentation</a>	<a href="#">6B.20</a>
<a href="#">B604</a>	<a href="#">No Ratio Documentation</a>	<a href="#">6B.22</a>
<a href="#">B605</a>	<a href="#">No Income/ No Asset Documentation</a>	<a href="#">6B.26</a>
<a href="#">B606</a>	<a href="#">Uninsured LTV</a>	<a href="#">6B.28</a>

## GMAC-RFC

---

### Chapter 6C, 100% Combo Loan Program

<a href="#">C600</a>	<a href="#">100% Combo Loan Program</a>	<a href="#">6C.1</a>
<a href="#">C601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6C.1</a>

---

### Chapter 6D, Home Solution Loan Program

<a href="#">D600</a>	<a href="#">Home Solution Program</a>	<a href="#">6D.1</a>
<a href="#">D601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6D.1</a>

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

<a href="#">E600</a>	<a href="#">AlterNet/ Credit Gap Program</a>	<a href="#">6E.1</a>
<a href="#">E601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6E.1</a>

---

### Chapter 6F, Performance Loan Program

<a href="#">F600</a>	<a href="#">Performance Loan Program</a>	<a href="#">6F.1</a>
<a href="#">F601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6F.1</a>

---

### Chapter 6G, 1st Lien Line of Credit Loan Program

<a href="#">G600</a>	<a href="#">1st Lien Line of Credit Loan Program</a>	<a href="#">6G.1</a>
<a href="#">G601</a>	<a href="#">Eligibility Standards</a>	<a href="#">6G.1</a>
<a href="#">G602</a>	<a href="#">Supplemental 1st Lien Line of Credit Information</a>	<a href="#">6G.11</a>

## GMAC-RFC

Page 7  
04/01/05  
Client Guide  
Table of Contents

---

### Chapter 6H, Home Equity Loan Program

<a href="#">H600 Home Equity Program</a>	6H.1
<a href="#">H601 Eligibility Standards</a>	6H.1
<a href="#">H602 Supplemental Home Equity Information</a>	6H.15
<a href="#">H603 Home Equity Program Goal Line Product Description</a>	6H.17
<a href="#">H604 Home Equity Program Goal Loan Description</a>	6H.21

---

### Chapter 6I, 125 CLTV Loan Program

<a href="#">I600 125 CLTV Loan Program</a>	6I.1
<a href="#">I601 Eligibility Standards</a>	6I.1
<a href="#">I602 Supplemental 125 CLTV Program Information</a>	6I.15

---

### Chapter 6J, Non-Standard Loan Program

<a href="#">J600 Non-Standard Loan Program</a>	6J.1
<a href="#">J601 Ineligible Loans</a>	6J.1

---

### Chapter 7, At-A-Glances

<a href="#">700 Program At-A-Glances</a>	7.1
--	-----

## GMAC-RFC

---

### Chapter 8, Servicing Released

<u>800</u>	<u>Servicing Released</u>	8.1
<u>801</u>	<u>Program Overview</u>	8.1
<u>802</u>	<u>Designated Servicer</u>	8.2
<u>803</u>	<u>Contractual Obligations</u>	8.2
<u>804</u>	<u>Program Eligibility</u>	8.2
<u>805</u>	<u>Disqualification Suspension or Inactivation</u>	8.2
<u>806</u>	<u>Restrictions on Loan Eligibility</u>	8.3
<u>807</u>	<u>Record Maintenance</u>	8.3
<u>808</u>	<u>Final Documents</u>	8.3
<u>809</u>	<u>Disclosure of Information; Cooperation</u>	8.3
<u>810</u>	<u>Client Representations and Warranties;</u> <u>Events of Servicer Default Prior to Transfer</u>	8.4
<u>811</u>	<u>Specific Warranties and Covenants</u>	8.4
<u>812</u>	<u>Notification of Change in Servicer</u>	8.8
<u>813</u>	<u>Escrow Account for Postponed Improvements/ Repairs</u>	8.9
<u>814</u>	<u>Interest on Escrows</u>	8.9
<u>815</u>	<u>Termination of Automatic Payment</u>	8.9
<u>816</u>	<u>Purchase of Servicing</u>	8.9
<u>817</u>	<u>Servicing Released Submission of Purchase</u>	8.9
<u>818</u>	<u>Required Servicing Documents</u>	8.10
<u>819</u>	<u>Sale Date and Effective Date of Servicing Transfer</u>	8.11
<u>820</u>	<u>Reconciliation by GMAC-RFC</u>	8.12
<u>821</u>	<u>Notification of Purchase</u>	8.14
<u>822</u>	<u>Monies Paid for Servicing Released</u>	8.14
<u>823</u>	<u>Monies Due Client</u>	8.15
<u>824</u>	<u>Monies Due Designated Servicer</u>	8.16
<u>825</u>	<u>Loans Paid in Full</u>	8.17
<u>826</u>	<u>Servicing Document Corrections</u>	8.17
<u>827</u>	<u>Bulk Servicing Acquisitions</u>	8.17
<u>828</u>	<u>Subservicing Election</u>	8.18

## GMAC-RFC

### Chapter 9, Commitment and Delivery

900	<a href="#"><u>Commitment and Delivery—First Mortgage Product</u></a>	9.1
901	<a href="#"><u>Commitment Rate, Fee and Price Information</u></a>	9.1
902	<a href="#"><u>Authorized Rates and Prices</u></a>	9.2
903	<a href="#"><u>Electronic Loan Data Delivery</u></a>	9.2
904	<a href="#"><u>Wire Transfer Authorization</u></a>	9.2
905	<a href="#"><u>Notification of Wire Transfer</u></a>	9.3
906	<a href="#"><u>Best Efforts</u></a>	9.3
907	<a href="#"><u>Commitment Rate and Price Information</u></a>	9.3
908	<a href="#"><u>Best Efforts Delivery Commitment Periods</u></a>	9.4
909	<a href="#"><u>Best Efforts Servicing Options</u></a>	9.5
910	<a href="#"><u>Commitment Amounts and Variance</u></a>	9.5
911	<a href="#"><u>Ordering Best Efforts Delivery Commitment</u></a>	9.6
912	<a href="#"><u>Mandatory Delivery Commitments</u></a>	9.7
913	<a href="#"><u>Mandatory Delivery Servicing Options</u></a>	9.7
914	<a href="#"><u>Commitment Amounts</u></a>	9.7
915	<a href="#"><u>Ordering Mandatory Delivery Commitments</u></a>	9.8
916	<a href="#"><u>Delivery Under Mandatory Delivery Commitment</u></a>	9.8
917	<a href="#"><u>Corrections and Substitutions</u></a>	9.9
918	<a href="#"><u>Buyouts and Extensions</u></a>	9.9
919	<a href="#"><u>Over-Delivery Procedures</u></a>	9.10
920	<a href="#"><u>Mandatory Delivery Commitment Expirations</u></a>	9.10
921	<a href="#"><u>Transferability of Commitments</u></a>	9.10
922	<a href="#"><u>Delivery for Funding</u></a>	9.11
923	<a href="#"><u>Submission of Funding Documents</u></a>	9.11
924	<a href="#"><u>Required Funding Documents</u></a>	9.11
925	<a href="#"><u>Required Servicing Documents for First Mortgage Deliveries</u></a>	9.15
926	<a href="#"><u>Obligation to Sell Upon Submission of Funding Documents</u></a>	9.15
927	<a href="#"><u>Loan Purchase</u></a>	9.15
928	<a href="#"><u>Wire Transfer Process</u></a>	9.16
929	<a href="#"><u>Funding Amount</u></a>	9.16
930	<a href="#"><u>Notification of Wire Transfer</u></a>	9.18
931	<a href="#"><u>Payoff Prior to Funding Date</u></a>	9.19
932	<a href="#"><u>Loans Paid in Full</u></a>	9.19
933	<a href="#"><u>Failure to Comply with GMAC-RFC Remittance Requirements</u></a>	9.20
934	<a href="#"><u>Final Document Delivery</u></a>	9.21
935	<a href="#"><u>Submission of Final Documents</u></a>	9.21
936	<a href="#"><u>Required Final Documents</u></a>	9.22
937	<a href="#"><u>Extensions for Final Delivery</u></a>	9.22
938	<a href="#"><u>Request for Additional Documentation</u></a>	9.23
939	<a href="#"><u>Commitment and Delivery Registration for 1st Lien Lines of Credit</u></a>	9.23
940	<a href="#"><u>Commitment and Delivery Registration for Goal Lines of Credit</u></a>	9.27
941	<a href="#"><u>Commitment and Delivery Registration for Goal Loan and 125 CLTV Closed-End Second Mortgages</u></a>	9.29
942	<a href="#"><u>Assetinfo</u></a>	9.33
943	<a href="#"><u>MERS Loan Registration, Transfer and Delivery Requirements</u></a>	9.33

Page 10  
04/01/05  
Client Guide  
Table of Contents

## GMAC-RFC

---

### Chapter 10, Definitions

---

### Chapter 11, Forms & Exhibits

<a href="#"><u>1100</u></a>	<a href="#"><u>GMAC-RFC Forms &amp; Exhibits</u></a>	<a href="#"><u>11.1</u></a>
-----------------------------	--	-----------------------------

# 2A

## GMAC-RFC

Page 2A.2

04/01/05

Client Guide

Representations,  
Warranties and  
Covenants

### A201

## Specific Representations, Warranties and Covenants Concerning Client

### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each Funding Date.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.



## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

2A

Page 2A.8

01/01/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers**

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### **(d) State and Local High Cost Loans**

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any state or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### **(e) Certain Georgia Home Loans**

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### **(f) Certain New Jersey Home Loans**

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### **(g) Certain New Mexico Home Loans**

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its [Servicer](#) must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.



2A

Page 2A.10

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could:

(i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.



## GMAC-RFC

2A

Page 2A.11  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the Mortgaged Premises are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The Security Instrument requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, (a) The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide, and (b) as of the Funding Date, the market Value of the Mortgaged Premises is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

2A

Page 2A.12

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

#### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

#### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

#### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

#### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

- If the Client sells Jumbo A or Expanded Criteria Loans to GMAC-RFC, the Client is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or state authority or a [HUD](#) approved non-supervised mortgagee.
- Each Jumbo A and Expanded Criteria Loan was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or a HUD approved non-supervised mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator") or (iii) closed in the name of the loan broker.
- All Loans closed in the name of a loan broker (including but not limited to Jumbo A and Expanded Criteria Loans) were originated under the circumstances described in the following sentence: If the Loan was originated through a loan broker, the originator approved the Loan prior to funding by the loan broker and the originator acquired the Loan from the loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

2A

Page 2A.14

GMAC-RFC

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

#### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3](#) of this Client Guide.

#### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

#### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

#### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

#### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

## GMAC-RFC

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan, including without limitation the originator, broker, title company or appraiser, was named on the version of the [Exclusionary List](#) that was effective on the date of the promissory Note for that particular Loan.

## **A203**

### **Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program**

The Home Equity Loan Program adheres to the Client representations, warranties and covenants stated below as well as the representations, warranties and covenants contained in this Client Guide.

Unless the Home Equity Loan is a valid first lien on the [Mortgaged Premises](#), the following representation and warranty applies:

#### **Valid Second Lien**

Each [Security Instrument](#) transferred to GMAC-RFC constitutes a valid lien on the Mortgaged Premises which is subordinated only to a lien of the holder of a first mortgage Loan, and is subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter. No such impediment shall adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises.

The following additional representations and warranties are made by the Client to GMAC-RFC as of the [Purchase Date](#) of each Home Equity Loan:

### **(A) Licensing**

The Client and any agents or correspondents originating for the Client have obtained all licenses and approvals required with respect to the origination of the Home Equity Loans, including, to the extent applicable, licenses and approvals required for small Loans or small advances and licenses and approvals required to charge the maximum interest rate allowable under State law.

### **(B) No Contractor or Dealer Loans**

No home improvement contractor or dealer was involved as a third party originator of a Home Equity Loan or received compensation in any form from the Client.

### **(C) No Borrower Defenses or Claims**

No unresolved defense or claim has been made or asserted in writing by the Borrower with respect to the Home Equity Loan, including, without limitation, any defenses or claims based on unsatisfactory workmanship or materials in connection with any home improvements financed with the proceeds of the Home Equity Loan.

## GMAC-RFC

**2A**

Page 2A.19  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **A205**

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#### **Proof of Compliance**

The Client will, upon the request of GMAC-RFC, supply proof satisfactory to GMAC-RFC of its:

- (1) Compliance with all representations and warranties contained in this Client Guide, and
- (2) Compliance with all local, State and federal laws, rules and regulations.

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

## GMAC-RFC

### **A208**

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#### **Events of Default**

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

2A

Page 2A.22

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.



## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

2A

Page 2A.24

10/18/04

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### (B) Repurchase Price of First Mortgage Programs

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of [Chapter 9](#) of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliates](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.26

GMAC-RFC

01/01/05

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Released Premium be greater than the original Servicing Released Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase As a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.27  
10/18/04  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-8

## *Client Guide*

# **GMAC RFC**

**Version 1-05-G03**  
**Effective July 22, 2005**



# GMAC-RFC

Page 1  
07/22/05  
Client Guide  
Table of Contents

---

## Table of Contents

---

### Chapter 1, Introduction

<u>100</u>	<u>GMAC-RFC Objective</u>	<u>1.1</u>
<u>101</u>	<u>Client Contractual Obligations</u>	<u>1.1</u>
<u>102</u>	<u>Single Contract</u>	<u>1.1</u>
<u>103</u>	<u>Relationship of GMAC-RFC and Client</u>	<u>1.2</u>
<u>104</u>	<u>Client ID Number</u>	<u>1.2</u>
<u>105</u>	<u>GMAC-RFC Loan Number</u>	<u>1.2</u>
<u>106</u>	<u>Servicer Contractual Obligations</u>	<u>1.2</u>
<u>107</u>	<u>Notice</u>	<u>1.3</u>
<u>108</u>	<u>Hours of Operation and Holidays</u>	<u>1.3</u>
<u>109</u>	<u>Client Guide Organization</u>	<u>1.3</u>
<u>110</u>	<u>Headings, Use of Capitalization and Definitions</u>	<u>1.4</u>
<u>111</u>	<u>Form &amp; Exhibit Numbering</u>	<u>1.4</u>
<u>112</u>	<u>Client Guide Online</u>	<u>1.4</u>
<u>113</u>	<u>General Rules of Interpretation</u>	<u>1.4</u>
<u>114</u>	<u>Use of Client's Name</u>	<u>1.5</u>
<u>115</u>	<u>Use of GMAC-RFC Name and Service Marks</u>	<u>1.6</u>
<u>116</u>	<u>Assetinfo</u>	<u>1.6</u>

---

### Chapter 2, Client Eligibility

<u>200</u>	<u>Client Eligibility</u>	<u>2.1</u>
<u>201</u>	<u>Eligibility Standards</u>	<u>2.2</u>
<u>202</u>	<u>Client Contract</u>	<u>2.4</u>
<u>203</u>	<u>Client Underwriting Responsibilities</u>	<u>2.4</u>
<u>204</u>	<u>Continuing Client Obligations</u>	<u>2.4</u>
<u>205</u>	<u>Disqualification, Suspension or Inactivation</u>	<u>2.4</u>
<u>206</u>	<u>Reporting Requirements</u>	<u>2.6</u>
<u>207</u>	<u>Audits and Inspections</u>	<u>2.7</u>
<u>208</u>	<u>Disclosure of Information</u>	<u>2.7</u>
<u>209</u>	<u>Maintenance of Records</u>	<u>2.7</u>
<u>210</u>	<u>Quality Control</u>	<u>2.8</u>

## GMAC-RFC

---

# Chapter 2A, Representations, Warranties and Covenants

<a href="#">A200</a>	<a href="#">Client Representations Warranties and Covenants</a>	<a href="#">2A.1</a>
<a href="#">A201</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Client</a>	<a href="#">2A.2</a>
<a href="#">A202</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Individual Loans</a>	<a href="#">2A.5</a>
<a href="#">A203</a>	<a href="#">Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program</a>	<a href="#">2A.15</a>
<a href="#">A204</a>	<a href="#">Non-Standard Documents</a>	<a href="#">2A.17</a>
<a href="#">A205</a>	<a href="#">Proof of Compliance</a>	<a href="#">2A.19</a>
<a href="#">A206</a>	<a href="#">Integrity of Information</a>	<a href="#">2A.19</a>
<a href="#">A207</a>	<a href="#">Third-Party Originators</a>	<a href="#">2A.20</a>
<a href="#">A208</a>	<a href="#">Events of Default</a>	<a href="#">2A.21</a>
<a href="#">A209</a>	<a href="#">Remedies of GMAC-RFC</a>	<a href="#">2A.22</a>
<a href="#">A210</a>	<a href="#">Repurchase</a>	<a href="#">2A.23</a>
<a href="#">A211</a>	<a href="#">Disqualification Suspension or Inactivation</a>	<a href="#">2A.28</a>
<a href="#">A212</a>	<a href="#">Indemnification</a>	<a href="#">2A.29</a>
<a href="#">A213</a>	<a href="#">Right of Set-Off</a>	<a href="#">2A.30</a>
<a href="#">A214</a>	<a href="#">Merger or Consolidation of Client</a>	<a href="#">2A.30</a>
<a href="#">A215</a>	<a href="#">Notification of Changes in Client Status</a>	<a href="#">2A.30</a>
<a href="#">A216</a>	<a href="#">Premium Recapture</a>	<a href="#">2A.31</a>

---

# Chapter 3, Loan Eligibility

<a href="#">300</a>	<a href="#">Loan Seasoning</a>	<a href="#">3.1</a>
<a href="#">301</a>	<a href="#">Occupancy Types</a>	<a href="#">3.1</a>
<a href="#">302</a>	<a href="#">Borrower Types</a>	<a href="#">3.2</a>
<a href="#">303</a>	<a href="#">Required Signatures</a>	<a href="#">3.4</a>
<a href="#">304</a>	<a href="#">Multiple Loans to One Borrower</a>	<a href="#">3.5</a>
<a href="#">305</a>	<a href="#">Ownership Interests</a>	<a href="#">3.6</a>
<a href="#">306</a>	<a href="#">Arm's Length and Non-Arm's Length Transactions</a>	<a href="#">3.11</a>
<a href="#">307</a>	<a href="#">Transaction Types</a>	<a href="#">3.11</a>
<a href="#">308</a>	<a href="#">Inherited Properties</a>	<a href="#">3.20</a>
<a href="#">309</a>	<a href="#">Determining Amount to Be Financed</a>	<a href="#">3.20</a>
<a href="#">310</a>	<a href="#">Calculating Loan-to-Value Ratios</a>	<a href="#">3.20</a>
<a href="#">311</a>	<a href="#">Secondary or Subordinate Financing</a>	<a href="#">3.23</a>
<a href="#">312</a>	<a href="#">Sales Concessions or Home-seller Subsidy</a>	<a href="#">3.24</a>
<a href="#">313</a>	<a href="#">Note Requirements</a>	<a href="#">3.24</a>
<a href="#">314</a>	<a href="#">Loan Documents</a>	<a href="#">3.27</a>
<a href="#">315</a>	<a href="#">Escrow Issues</a>	<a href="#">3.31</a>
<a href="#">316</a>	<a href="#">Temporary Buydowns</a>	<a href="#">3.32</a>
<a href="#">317</a>	<a href="#">Current Payment History</a>	<a href="#">3.34</a>
<a href="#">318</a>	<a href="#">Property Issues</a>	<a href="#">3.34</a>

## GMAC-RFC

Page 3  
07/22/05  
Client Guide  
Table of Contents

<u>319</u>	<u>West Virginia Loans</u>	<u>3.34</u>
<u>320</u>	<u>Texas Equity Loans</u>	<u>3.34</u>
<u>321</u>	<u>Eligible Property Types</u>	<u>3.38</u>
<u>322</u>	<u>Ineligible Property Types</u>	<u>3.44</u>
<u>323</u>	<u>Project Requirements for Warrantable Condominiums and PUDs</u>	<u>3.45</u>
<u>324</u>	<u>Insurance Requirements</u>	<u>3.53</u>
<u>325</u>	<u>Survey Requirements</u>	<u>3.68</u>

---

## Chapter 4, Underwriting

<u>400</u>	<u>Underwriting</u>	<u>4.1</u>
<u>401</u>	<u>Client Underwriting Responsibility</u>	<u>4.1</u>
<u>402</u>	<u>GMAC-RFC Underwriting Review</u>	<u>4.2</u>
<u>403</u>	<u>Loan Application Analysis</u>	<u>4.2</u>
<u>404</u>	<u>Credit Report Requirements</u>	<u>4.3</u>
<u>405</u>	<u>Credit Score Requirements</u>	<u>4.3</u>
<u>406</u>	<u>Selecting Credit Score</u>	<u>4.4</u>
<u>407</u>	<u>Minimum Credit History &amp; Trade Line Requirements</u>	<u>4.5</u>
<u>408</u>	<u>Credit Evaluation Overview</u>	<u>4.6</u>
<u>409</u>	<u>Credit Evaluation Components</u>	<u>4.6</u>
<u>410</u>	<u>Upgrading the Credit Grade</u>	<u>4.12</u>
<u>411</u>	<u>Borrower's Liabilities</u>	<u>4.16</u>
<u>412</u>	<u>Debt Payoff</u>	<u>4.16</u>
<u>413</u>	<u>Co-Signed Debt</u>	<u>4.17</u>
<u>414</u>	<u>Divorce Debt</u>	<u>4.17</u>
<u>415</u>	<u>Business Debt</u>	<u>4.17</u>
<u>416</u>	<u>Borrower Capacity</u>	<u>4.17</u>
<u>417</u>	<u>Student Loan</u>	<u>4.17</u>
<u>418</u>	<u>Qualifying Ratios—Payment</u>	<u>4.18</u>
<u>419</u>	<u>Electronic Documentation Standards</u>	<u>4.19</u>
<u>420</u>	<u>Borrower Income</u>	<u>4.20</u>
<u>421</u>	<u>Employment and Income Analysis</u>	<u>4.20</u>
<u>422</u>	<u>Income Types</u>	<u>4.20</u>
<u>423</u>	<u>Wage Earners</u>	<u>4.21</u>
<u>424</u>	<u>Self-Employed Income</u>	<u>4.22</u>
<u>425</u>	<u>Fixed Income</u>	<u>4.24</u>
<u>426</u>	<u>Rental Income</u>	<u>4.25</u>
<u>427</u>	<u>Other Income</u>	<u>4.26</u>
<u>428</u>	<u>Income Documentation</u>	<u>4.28</u>
<u>429</u>	<u>Full Income Documentation Requirements</u>	<u>4.29</u>
<u>430</u>	<u>Lite Income Documentation Requirements</u>	<u>4.32</u>
<u>431</u>	<u>One Paystub Income Documentation Requirements</u>	<u>4.32</u>
<u>432</u>	<u>Fast Income Documentation Requirements</u>	<u>4.33</u>
<u>433</u>	<u>Stated Income Documentation Requirements</u>	<u>4.36</u>
<u>434</u>	<u>Stated Income/ Stated Asset Documentation Requirements</u>	<u>4.37</u>
<u>435</u>	<u>No Ratio Documentation Requirements</u>	<u>4.39</u>
<u>436</u>	<u>No Income/ No Asset Documentation Requirements</u>	<u>4.40</u>

## GMAC-RFC

<u>437</u>	<u>Trailing or Relocating Co-Borrower</u>	<u>4.41</u>
<u>440</u>	<u>Cash to Close</u>	<u>4.42</u>
<u>441</u>	<u>Collateral Property Underwriting</u>	<u>4.45</u>
<u>442</u>	<u>Appraiser Requirements</u>	<u>4.45</u>
<u>443</u>	<u>Appraisal Requirements</u>	<u>4.46</u>
<u>444</u>	<u>Appraisal Evaluation</u>	<u>4.49</u>
<u>445</u>	<u>Additional Review Considerations</u>	<u>4.59</u>

---

## Chapter 4A, Electronic Services

<u>A400</u>	<u>Overview and Incorporation of Terms of Use</u>	<u>4A.1</u>
<u>A401</u>	<u>Assetwise</u>	<u>4A.2</u>
<u>A402</u>	<u>Assetwise Compliance Engine</u>	<u>4A.5</u>

---

## Chapter 5, Products

<u>500</u>	<u>Product Descriptions</u>	<u>5.1</u>
<u>501</u>	<u>Fixed-Rate Mortgages (FRM)</u>	<u>5.3</u>
<u>502</u>	<u>Adjustable Rate Mortgages (ARM)</u>	<u>5.8</u>
<u>503</u>	<u>Balloon Mortgages</u>	<u>5.68</u>
<u>504</u>	<u>1st Lien Line of Credit</u>	<u>5.70</u>

---

## Chapter 6, Loan Programs

<u>600</u>	<u>Loan Programs</u>	<u>6.1</u>
------------	----------------------	------------

---

## Chapter 6A, Jumbo A Loan Program

<u>A600</u>	<u>Jumbo A Program</u>	<u>6A.1</u>
<u>A601</u>	<u>Eligibility Standards</u>	<u>6A.1</u>
<u>A602</u>	<u>Stated Income Documentation</u>	<u>6A.12</u>
<u>A603</u>	<u>EasyFi or Streamline Refinance</u>	<u>6A.14</u>

## GMAC-RFC

---

### Chapter 6B, Expanded Criteria Loan Program

<a href="#">B600 Expanded Criteria Program</a>	6B.1
<a href="#">B601 Eligibility Standards</a>	6B.1
<a href="#">B602 Stated Income Documentation</a>	6B.14
<a href="#">B603 Stated Income/ Stated Asset Documentation</a>	6B.18
<a href="#">B604 No Ratio Documentation</a>	6B.20
<a href="#">B605 No Income/ No Asset Documentation</a>	6B.24
<a href="#">B606 Uninsured LTV</a>	6B.26

---

### Chapter 6C, Payment Option Loan Program

<a href="#">C600 Payment Option Program</a>	6C.1
<a href="#">C601 Eligibility Standards</a>	6C.1
<a href="#">C602 Stated Income Documentation</a>	6C.15
<a href="#">C603 Stated Income/ Stated Asset Documentation</a>	6C.20

---

### Chapter 6D, Home Solution Loan Program

<a href="#">D600 Home Solution Program</a>	6D.1
<a href="#">D601 Eligibility Standards</a>	6D.1

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

<a href="#">E600 AlterNet/ Credit Gap Program</a>	6E.1
<a href="#">E601 Eligibility Standards</a>	6E.1
<a href="#">E602 Interest Only Feature Eligibility Standards</a>	6E.19
<a href="#">E603 80/ 20 Eligibility Standards</a>	6E.23

---

### Chapter 6F, Performance Loan Program

<a href="#">F600 Performance Loan Program</a>	6F.1
<a href="#">F601 Eligibility Standards</a>	6F.1

## GMAC-RFC

---

### Chapter 6G, 1st Lien Line of Credit Loan Program

<a href="#">G600 1st Lien Line of Credit Loan Program</a>	6G.1
<a href="#">G601 Eligibility Standards</a>	6G.1
<a href="#">G602 Supplemental 1st Lien Line of Credit Information</a>	6G.11

---

### Chapter 6H, Home Equity Loan Program

<a href="#">H600 Home Equity Program</a>	6H.1
<a href="#">H601 Eligibility Standards</a>	6H.1
<a href="#">H602 Supplemental Home Equity Information</a>	6H.16
<a href="#">H603 Home Equity Program Goal Line Product Description</a>	6H.18
<a href="#">H604 Home Equity Program Goal Loan Description</a>	6H.22

---

### Chapter 6I, 125 CLTV Loan Program

<a href="#">I600 125 CLTV Loan Program</a>	6I.1
<a href="#">I601 Eligibility Standards</a>	6I.1
<a href="#">I602 Supplemental 125 CLTV Program Information</a>	6I.15

---

### Chapter 6J, Non-Standard Loan Program

<a href="#">J600 Non-Standard Loan Program</a>	6J.1
<a href="#">J601 Ineligible Loans</a>	6J.1

---

### Chapter 7, At-A-Glances

<a href="#">700 Program At-A-Glances</a>	7.1
--	-----

## GMAC-RFC

---

### Chapter 8, Servicing Released

<u>800</u>	<u>Servicing Released</u>	<u>8.1</u>
<u>801</u>	<u>Program Overview</u>	<u>8.1</u>
<u>802</u>	<u>Designated Servicer</u>	<u>8.2</u>
<u>803</u>	<u>Contractual Obligations</u>	<u>8.2</u>
<u>804</u>	<u>Program Eligibility</u>	<u>8.2</u>
<u>805</u>	<u>Disqualification Suspension or Inactivation</u>	<u>8.2</u>
<u>806</u>	<u>Restrictions on Loan Eligibility</u>	<u>8.3</u>
<u>807</u>	<u>Record Maintenance</u>	<u>8.3</u>
<u>808</u>	<u>Final Documents</u>	<u>8.3</u>
<u>809</u>	<u>Disclosure of Information; Cooperation</u>	<u>8.3</u>
<u>810</u>	<u>Client Representations and Warranties; Events of Servicer Default</u>	
	<u>Prior to Transfer</u>	<u>8.4</u>
<u>811</u>	<u>Specific Warranties and Covenants</u>	<u>8.4</u>
<u>812</u>	<u>Notification of Change in Servicer</u>	<u>8.8</u>
<u>813</u>	<u>Escrow Account for Postponed Improvements/ Repairs</u>	<u>8.9</u>
<u>814</u>	<u>Interest on Escrows</u>	<u>8.9</u>
<u>815</u>	<u>Termination of Automatic Payment</u>	<u>8.9</u>
<u>816</u>	<u>Purchase of Servicing</u>	<u>8.9</u>
<u>817</u>	<u>Servicing Released Submission of Purchase</u>	<u>8.9</u>
<u>818</u>	<u>Required Servicing Documents</u>	<u>8.10</u>
<u>819</u>	<u>Sale Date and Effective Date of Servicing Transfer</u>	<u>8.11</u>
<u>820</u>	<u>Reconciliation by GMAC-RFC</u>	<u>8.12</u>
<u>821</u>	<u>Notification of Purchase</u>	<u>8.14</u>
<u>822</u>	<u>Monies Paid for Servicing Released</u>	<u>8.14</u>
<u>823</u>	<u>Monies Due Client</u>	<u>8.15</u>
<u>824</u>	<u>Monies Due Designated Servicer</u>	<u>8.16</u>
<u>825</u>	<u>Loans Paid in Full</u>	<u>8.17</u>
<u>826</u>	<u>Servicing Document Corrections</u>	<u>8.17</u>
<u>827</u>	<u>Bulk Servicing Acquisitions</u>	<u>8.18</u>
<u>828</u>	<u>Subservicing Election</u>	<u>8.18</u>

---

### Chapter 9, Commitment and Delivery

<u>900</u>	<u>Commitment and Delivery—First Mortgage Product</u>	<u>9.1</u>
<u>901</u>	<u>Commitment Rate, Fee and Price Information</u>	<u>9.1</u>
<u>902</u>	<u>Authorized Rates and Prices</u>	<u>9.2</u>
<u>903</u>	<u>Electronic Loan Data Delivery</u>	<u>9.2</u>
<u>904</u>	<u>Wire Transfer Authorization</u>	<u>9.2</u>
<u>905</u>	<u>Notification of Wire Transfer</u>	<u>9.3</u>
<u>906</u>	<u>Best Efforts</u>	<u>9.3</u>
<u>907</u>	<u>Commitment Rate and Price Information</u>	<u>9.3</u>
<u>908</u>	<u>Best Efforts Delivery Commitment Periods</u>	<u>9.4</u>
<u>909</u>	<u>Best Efforts Servicing Options</u>	<u>9.5</u>

## GMAC-RFC

910	<a href="#">Commitment Amounts and Variance</a>	9.5
911	<a href="#">Ordering Best Efforts Delivery Commitment</a>	9.6
912	<a href="#">Mandatory Delivery Commitments</a>	9.7
913	<a href="#">Mandatory Delivery Servicing Options</a>	9.7
914	<a href="#">Commitment Amounts</a>	9.7
915	<a href="#">Ordering Mandatory Delivery Commitments</a>	9.8
916	<a href="#">Delivery Under Mandatory Delivery Commitment</a>	9.8
917	<a href="#">Corrections and Substitutions</a>	9.9
918	<a href="#">Buyouts and Extensions</a>	9.9
919	<a href="#">Over-Delivery Procedures</a>	9.10
920	<a href="#">Mandatory Delivery Commitment Expirations</a>	9.10
921	<a href="#">Transferability of Commitments</a>	9.10
922	<a href="#">Prior Underwriting Approval</a>	9.11
923	<a href="#">Delivery for Funding</a>	9.13
924	<a href="#">Submission of Funding Documents</a>	9.13
925	<a href="#">Required Funding Documents</a>	9.13
926	<a href="#">Required Servicing Documents for First Mortgage Deliveries</a>	9.17
927	<a href="#">Obligation to Sell Upon Submission of Funding Documents</a>	9.17
928	<a href="#">Loan Purchase</a>	9.17
929	<a href="#">Wire Transfer Process</a>	9.18
930	<a href="#">Funding Amount</a>	9.18
931	<a href="#">Notification of Wire Transfer</a>	9.20
932	<a href="#">Payoff Prior to Funding Date</a>	9.21
933	<a href="#">Loans Paid in Full</a>	9.21
934	<a href="#">Failure to Comply with GMAC-RFC Remittance Requirements</a>	9.22
935	<a href="#">Final Document Delivery</a>	9.23
936	<a href="#">Submission of Final Documents</a>	9.23
937	<a href="#">Required Final Documents</a>	9.24
938	<a href="#">Extensions for Final Delivery</a>	9.24
939	<a href="#">Request for Additional Documentation</a>	9.25
940	<a href="#">Commitment and Delivery Registration for 1st Lien Lines of Credit</a>	9.25
941	<a href="#">Commitment and Delivery Registration for Goal Lines of Credit</a>	9.29
942	<a href="#">Commitment and Delivery Registration for Goal Loan and 125 CLTV</a>	
	<a href="#">Closed-End Second Mortgages</a>	9.32
943	<a href="#">Assetinfo</a>	9.36
944	<a href="#">MERS Loan Registration, Transfer and Delivery Requirements</a>	9.37

---

## Chapter 10, Definitions

---

## Chapter 11, Forms & Exhibits

1100	<a href="#">GMAC-RFC Forms &amp; Exhibits</a>	11.1
------	---	------



# 2A

## GMAC-RFC

Page 2A.2

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

### A201

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#### Specific Representations, Warranties and Covenants Concerning Client

##### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each Funding Date.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

##### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

2A

Page 2A.3  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

2A

Page 2A.5  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A202

#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

### **(E) Ownership; Transfer**

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### **(F) Disbursements; No Payoffs or Future Advancements**

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### **(G) No Default**

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### **(H) No Defenses**

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

**2A**

Page 2A.8

07/22/05

Client Guide

**Representations,  
Warranties and  
Covenants**

## **GMAC-RFC**

### **(c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers**

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### **(d) State and Local High Cost Loans**

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any State or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### **(e) Certain Georgia Home Loans**

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the Commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### **(f) Certain New Jersey Home Loans**

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### **(g) Certain New Mexico Home Loans**

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.



## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single Premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its [Servicer](#) must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.



2A

Page 2A.10

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could:

(i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

## GMAC-RFC

2A

Page 2A.11  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the Mortgaged Premises are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The Security Instrument requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the Premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the Premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, (a) The appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide, and (b) as of the Funding Date, the market Value of the Mortgaged Premises is at least equal to the appraised Value stated on the Loan appraisal except to the extent that the market Value of the Mortgaged Premises is lower than the appraised Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

2A

Page 2A.12

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

#### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

#### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

#### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

#### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

#### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

2A

Page 2A.13  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (Z) Leaseholds

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### (AA) Condominiums; [Planned Unit Developments](#) (PUDs)

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### (BB) Compliance By Others

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### (CC) Client Contract Warranties

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### (DD) Client and Originators

- If the Client sells Jumbo A, Expanded Criteria, or [Payment Option](#) Loans to GMAC-RFC, the Client is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority or a [HUD](#) approved non-supervised mortgagee.
- Each Jumbo A, Expanded Criteria, and [Payment Option](#) Loan was: (i) closed in the name of the Client, (ii) closed in the name of another entity that either is a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or a HUD approved non-supervised mortgagee, and was so at the time the Loan was originated (the Client or such other entity shall be called the "originator") or (iii) closed in the name of the loan broker.
- All Loans closed in the name of a loan broker (including but not limited to Jumbo A, Expanded Criteria, and [Payment Option](#) Loans) were originated under the circumstances described in the following sentence: If the Loan was originated through a loan broker, the originator approved the Loan prior to funding by the loan broker and the originator acquired the Loan from the loan broker contemporaneously with the origination thereof.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### (EE) No Impairment of Insurance

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

2A

Page 2A.14

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

#### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3](#) of this Client Guide.

#### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

#### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

#### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

#### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

## GMAC-RFC

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan (e.g., originator, broker, title company, appraiser, etc.) was on the [Exclusionary List](#) on the date the Loan was originated as determined by the date of the promissory Note for that particular Loan.

## **A203**

### **Additional Client Representations, Warranties and Covenants for the Home Equity Loan Program**

The Home Equity Loan Program adheres to the Client representations, warranties and covenants stated below as well as the representations, warranties and covenants contained in this Client Guide.

Unless the Home Equity Loan is a valid first lien on the [Mortgaged Premises](#), the following representation and warranty applies:

#### **Valid Second Lien**

Each [Security Instrument](#) transferred to GMAC-RFC constitutes a valid lien on the Mortgaged Premises which is subordinated only to a lien of the holder of a first mortgage Loan, and is subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter. No such impediment shall adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises.

The following additional representations and warranties are made by the Client to GMAC-RFC as of the [Purchase Date](#) of each Home Equity Loan:

### **(A) Licensing**

The Client and any agents or correspondents originating for the Client have obtained all licenses and approvals required with respect to the origination of the Home Equity Loans, including, to the extent applicable, licenses and approvals required for small Loans or small advances and licenses and approvals required to charge the maximum interest rate allowable under State law.

### **(B) No Contractor or Dealer Loans**

No home improvement contractor or dealer was involved as a third party originator of a Home Equity Loan or received compensation in any form from the Client.

### **(C) No Borrower Defenses or Claims**

No unresolved defense or claim has been made or asserted in writing by the Borrower with respect to the Home Equity Loan, including, without limitation, any defenses or claims based on unsatisfactory workmanship or materials in connection with any home improvements financed with the proceeds of the Home Equity Loan.

## GMAC-RFC

**2A**

Page 2A.19  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **A205**

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#### **Proof of Compliance**

The Client will, upon the request of GMAC-RFC, supply proof satisfactory to GMAC-RFC of its:

- (1) Compliance with all representations and warranties contained in this Client Guide, and
- (2) Compliance with all local, State and federal laws, rules and regulations.

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.



## GMAC-RFC

2A

Page 2A.21  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A208

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#### Events of Default

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.



2A

Page 2A.22

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular Event of Default will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related Funding Documents, or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

2A

Page 2A.23  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

2A

Page 2A.24

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

### **(B) Repurchase Price of First Mortgage Programs**

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a Premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the Premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the [Buyouts and Extensions](#) Section of [Chapter 9](#) of this Client Guide; plus
- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

## GMAC-RFC

2A

Page 2A.25  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (C) Repurchase Price of Home Equity Loan Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase Premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliates](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.26

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Released Premium be greater than the original Servicing Released Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase As a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.27  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossing  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-9



## GMAC-RFC

# 1-05-G04

Effective: November 21, 2005

# Client Guideline Memo

Enclosed is the Client Guideline. The purpose of the Client Guideline is to identify enhancements, clarifications and changes to the Client Guide and to give notice that the Client Guide has been amended. All clarifications and changes are effective for Commitments taken on or after November 21, 2005, unless otherwise noted.

The actual enhancements, clarifications and changes can be found in the pages of the Client Guide indicated below.

### Chapter 1, Introduction

- Revised chapter listing adding new Chapter 9 Sections (Section 109, [Page 1.3](#))
- Amended language for sole discretion (Section 113, [Page 1.4](#))
- GMAC-RFC may give less than 30 days notice for new programs, products or enhancements (Section 113, [Page 1.5](#))

### Chapter 2, Client Eligibility

- Revised Client eligibility language from Client Guide Bulletin 1-05-B05 (Section 201, [Page 2.2](#))

### Chapter 2A, Representations, Warranties and Covenants

- Clarified language (Section A202, [Page 2A.9](#))
- Added language for AVM (Section A202, [Page 2A.11](#))
- Simplified language for Client and Originators (Section A202, [Page 2A.13](#))
- Added guidelines for AVM (Section A210, [Page 2A.24](#))
- Revised chapter reference adding new Chapter 9 Sections (Section A210, [Page 2A.24](#))
- Amended language for sole discretion (Section A210, [Page 2A.27](#))
- Revised chapter reference adding new Chapter 9 Sections (Section A216, [Page 2A.32](#))

### Chapter 3, Loan Eligibility

- Clarified guidelines for down payment funds (Section 302, [Page 3.3](#))
- Added Guidelines for Foreign Nationals (Section 302, [Page 3.4](#))
- Revised chapter reference adding new Chapter 9 Sections (Section 314, [Page 3.28](#), [Page 3.29](#))
- Revised Guidelines for West Virginia Loans (Section 319, [Page 3.34](#))

# GMAC-RFC

Page 1  
11/21/05  
Client Guide  
Table of Contents

---

## Table of Contents

---

### Chapter 1, Introduction

<u>100</u>	<u>GMAC-RFC Objective</u>	<u>1.1</u>
<u>101</u>	<u>Client Contractual Obligations</u>	<u>1.1</u>
<u>102</u>	<u>Single Contract</u>	<u>1.1</u>
<u>103</u>	<u>Relationship of GMAC-RFC and Client</u>	<u>1.2</u>
<u>104</u>	<u>Client ID Number</u>	<u>1.2</u>
<u>105</u>	<u>GMAC-RFC Loan Number</u>	<u>1.2</u>
<u>106</u>	<u>Servicer Contractual Obligations</u>	<u>1.2</u>
<u>107</u>	<u>Notice</u>	<u>1.3</u>
<u>108</u>	<u>Hours of Operation and Holidays</u>	<u>1.3</u>
<u>109</u>	<u>Client Guide Organization</u>	<u>1.3</u>
<u>110</u>	<u>Headings, Use of Capitalization and Definitions</u>	<u>1.4</u>
<u>111</u>	<u>Form &amp; Exhibit Numbering</u>	<u>1.4</u>
<u>112</u>	<u>Client Guide Online</u>	<u>1.4</u>
<u>113</u>	<u>General Rules of Interpretation</u>	<u>1.4</u>
<u>114</u>	<u>Use of Client's Name</u>	<u>1.5</u>
<u>115</u>	<u>Use of GMAC-RFC Name and Service Marks</u>	<u>1.6</u>
<u>116</u>	<u>Assetinfo</u>	<u>1.6</u>

---

### Chapter 2, Client Eligibility

<u>200</u>	<u>Client Eligibility</u>	<u>2.1</u>
<u>201</u>	<u>Eligibility Standards</u>	<u>2.2</u>
<u>202</u>	<u>Client Contract</u>	<u>2.4</u>
<u>203</u>	<u>Client Underwriting Responsibilities</u>	<u>2.4</u>
<u>204</u>	<u>Continuing Client Obligations</u>	<u>2.4</u>
<u>205</u>	<u>Disqualification, Suspension or Inactivation</u>	<u>2.4</u>
<u>206</u>	<u>Reporting Requirements</u>	<u>2.6</u>
<u>207</u>	<u>Audits and Inspections</u>	<u>2.7</u>
<u>208</u>	<u>Disclosure of Information</u>	<u>2.7</u>
<u>209</u>	<u>Maintenance of Records</u>	<u>2.7</u>
<u>210</u>	<u>Quality Control</u>	<u>2.8</u>

## GMAC-RFC

---

# Chapter 2A, Representations, Warranties and Covenants

<a href="#"><u>A200</u></a>	<a href="#"><u>Client Representations Warranties and Covenants</u></a>	<a href="#"><u>2A.1</u></a>
<a href="#"><u>A201</u></a>	<a href="#"><u>Specific Representations, Warranties and Covenants Concerning</u></a>	
	<a href="#"><u>Client</u></a>	<a href="#"><u>2A.2</u></a>
<a href="#"><u>A202</u></a>	<a href="#"><u>Specific Representations, Warranties and Covenants Concerning</u></a>	
	<a href="#"><u>Individual Loans</u></a>	<a href="#"><u>2A.5</u></a>
<a href="#"><u>A203</u></a>	<a href="#"><u>Additional Client Representations, Warranties and Covenants for the</u></a>	
	<a href="#"><u>Home Equity Program</u></a>	<a href="#"><u>2A.15</u></a>
<a href="#"><u>A204</u></a>	<a href="#"><u>Non-Standard Documents</u></a>	<a href="#"><u>2A.17</u></a>
<a href="#"><u>A205</u></a>	<a href="#"><u>Proof of Compliance</u></a>	<a href="#"><u>2A.19</u></a>
<a href="#"><u>A206</u></a>	<a href="#"><u>Integrity of Information</u></a>	<a href="#"><u>2A.19</u></a>
<a href="#"><u>A207</u></a>	<a href="#"><u>Third-Party Originators</u></a>	<a href="#"><u>2A.20</u></a>
<a href="#"><u>A208</u></a>	<a href="#"><u>Events of Default</u></a>	<a href="#"><u>2A.21</u></a>
<a href="#"><u>A209</u></a>	<a href="#"><u>Remedies of GMAC-RFC</u></a>	<a href="#"><u>2A.22</u></a>
<a href="#"><u>A210</u></a>	<a href="#"><u>Repurchase</u></a>	<a href="#"><u>2A.23</u></a>
<a href="#"><u>A211</u></a>	<a href="#"><u>Disqualification Suspension or Inactivation</u></a>	<a href="#"><u>2A.28</u></a>
<a href="#"><u>A212</u></a>	<a href="#"><u>Indemnification</u></a>	<a href="#"><u>2A.29</u></a>
<a href="#"><u>A213</u></a>	<a href="#"><u>Right of Set-Off</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A214</u></a>	<a href="#"><u>Merger or Consolidation of Client</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A215</u></a>	<a href="#"><u>Notification of Changes in Client Status</u></a>	<a href="#"><u>2A.30</u></a>
<a href="#"><u>A216</u></a>	<a href="#"><u>Premium Recapture</u></a>	<a href="#"><u>2A.31</u></a>

## GMAC-RFC

---

### Chapter 3, Loan Eligibility

<u>300</u>	<u>Loan Seasoning</u>	<u>3.1</u>
<u>301</u>	<u>Occupancy Types</u>	<u>3.1</u>
<u>302</u>	<u>Borrower Types</u>	<u>3.2</u>
<u>303</u>	<u>Required Signatures</u>	<u>3.5</u>
<u>304</u>	<u>Multiple Loans to One Borrower</u>	<u>3.5</u>
<u>305</u>	<u>Ownership Interests</u>	<u>3.6</u>
<u>306</u>	<u>Arm's Length and Non-Arm's Length Transactions</u>	<u>3.11</u>
<u>307</u>	<u>Transaction Types</u>	<u>3.11</u>
<u>308</u>	<u>Inherited Properties</u>	<u>3.20</u>
<u>309</u>	<u>Determining Amount to Be Financed</u>	<u>3.20</u>
<u>310</u>	<u>Calculating Loan-to-Value Ratios</u>	<u>3.20</u>
<u>311</u>	<u>Secondary or Subordinate Financing</u>	<u>3.23</u>
<u>312</u>	<u>Sales Concessions or Home-seller Subsidy</u>	<u>3.24</u>
<u>313</u>	<u>Note Requirements</u>	<u>3.24</u>
<u>314</u>	<u>Loan Documents</u>	<u>3.27</u>
<u>315</u>	<u>Escrow Issues</u>	<u>3.31</u>
<u>316</u>	<u>Temporary Buydowns</u>	<u>3.32</u>
<u>317</u>	<u>Current Payment History</u>	<u>3.34</u>
<u>318</u>	<u>Property Issues</u>	<u>3.34</u>
<u>319</u>	<u>West Virginia Loans</u>	<u>3.34</u>
<u>320</u>	<u>Texas Equity Loans</u>	<u>3.34</u>
<u>321</u>	<u>Eligible Property Types</u>	<u>3.38</u>
<u>322</u>	<u>Ineligible Property Types</u>	<u>3.44</u>
<u>323</u>	<u>Project Requirements for Warrantable Condominiums and PUDs</u>	<u>3.45</u>
<u>324</u>	<u>Insurance Requirements</u>	<u>3.53</u>
<u>325</u>	<u>Survey Requirements</u>	<u>3.68</u>

---

### Chapter 4, Underwriting

<u>400</u>	<u>Underwriting</u>	<u>4.1</u>
<u>401</u>	<u>Client Underwriting Responsibility</u>	<u>4.1</u>
<u>402</u>	<u>GMAC-RFC Underwriting Review</u>	<u>4.1</u>
<u>403</u>	<u>Loan Application Analysis</u>	<u>4.2</u>
<u>404</u>	<u>Credit Report Requirements</u>	<u>4.2</u>
<u>405</u>	<u>Credit Score Requirements</u>	<u>4.3</u>
<u>406</u>	<u>Selecting Credit Score</u>	<u>4.3</u>
<u>407</u>	<u>Minimum Credit History &amp; Trade Line Requirements</u>	<u>4.4</u>
<u>408</u>	<u>Credit Evaluation Overview</u>	<u>4.5</u>
<u>409</u>	<u>Credit Evaluation Components</u>	<u>4.5</u>
<u>410</u>	<u>Upgrading the Credit Grade</u>	<u>4.12</u>
<u>411</u>	<u>Borrower's Liabilities</u>	<u>4.16</u>
<u>412</u>	<u>Debt Payoff</u>	<u>4.16</u>
<u>413</u>	<u>Co-Signed Debt</u>	<u>4.17</u>

## GMAC-RFC

<u>414</u>	<u><a href="#">Divorce Debt</a></u>	<u><a href="#">4.17</a></u>
<u>415</u>	<u><a href="#">Business Debt</a></u>	<u><a href="#">4.17</a></u>
<u>416</u>	<u><a href="#">Borrower Capacity</a></u>	<u><a href="#">4.17</a></u>
<u>417</u>	<u><a href="#">Student Loan</a></u>	<u><a href="#">4.17</a></u>
<u>418</u>	<u><a href="#">Qualifying Ratios—Payment</a></u>	<u><a href="#">4.18</a></u>
<u>419</u>	<u><a href="#">Electronic Documentation Standards</a></u>	<u><a href="#">4.19</a></u>
<u>420</u>	<u><a href="#">Borrower Income</a></u>	<u><a href="#">4.20</a></u>
<u>421</u>	<u><a href="#">Employment and Income Analysis</a></u>	<u><a href="#">4.20</a></u>
<u>422</u>	<u><a href="#">Income Types</a></u>	<u><a href="#">4.20</a></u>
<u>423</u>	<u><a href="#">Wage Earners</a></u>	<u><a href="#">4.21</a></u>
<u>424</u>	<u><a href="#">Self-Employed Income</a></u>	<u><a href="#">4.22</a></u>
<u>425</u>	<u><a href="#">Fixed Income</a></u>	<u><a href="#">4.24</a></u>
<u>426</u>	<u><a href="#">Rental Income</a></u>	<u><a href="#">4.25</a></u>
<u>427</u>	<u><a href="#">Other Income</a></u>	<u><a href="#">4.27</a></u>
<u>428</u>	<u><a href="#">Income Documentation</a></u>	<u><a href="#">4.28</a></u>
<u>429</u>	<u><a href="#">Full Income Documentation Requirements</a></u>	<u><a href="#">4.29</a></u>
<u>430</u>	<u><a href="#">Lite Income Documentation Requirements</a></u>	<u><a href="#">4.32</a></u>
<u>431</u>	<u><a href="#">One Paystub Income Documentation Requirements</a></u>	<u><a href="#">4.32</a></u>
<u>432</u>	<u><a href="#">Fast Income Documentation Requirements</a></u>	<u><a href="#">4.33</a></u>
<u>433</u>	<u><a href="#">Stated Income Documentation Requirements</a></u>	<u><a href="#">4.36</a></u>
<u>434</u>	<u><a href="#">No Ratio Documentation Requirements</a></u>	<u><a href="#">4.37</a></u>
<u>435</u>	<u><a href="#">Stated Income/ Stated Asset Documentation Requirements</a></u>	<u><a href="#">4.38</a></u>
<u>436</u>	<u><a href="#">No Income/ No Asset Documentation Requirements</a></u>	<u><a href="#">4.39</a></u>
<u>437</u>	<u><a href="#">No Doc Income</a></u>	<u><a href="#">4.40</a></u>
<u>438</u>	<u><a href="#">Trailing or Relocating Co-Borrower</a></u>	<u><a href="#">4.40</a></u>
<u>440</u>	<u><a href="#">Cash to Close</a></u>	<u><a href="#">4.40</a></u>
<u>441</u>	<u><a href="#">Collateral Property Underwriting</a></u>	<u><a href="#">4.43</a></u>
<u>442</u>	<u><a href="#">Appraiser Requirements</a></u>	<u><a href="#">4.44</a></u>
<u>443</u>	<u><a href="#">Appraisal Requirements</a></u>	<u><a href="#">4.45</a></u>
<u>444</u>	<u><a href="#">Appraisal Evaluation</a></u>	<u><a href="#">4.48</a></u>
<u>445</u>	<u><a href="#">Additional Review Considerations</a></u>	<u><a href="#">4.58</a></u>

---

## Chapter 4A, Electronic Services

<u>A400</u>	<u><a href="#">Overview and Incorporation of Terms of Use</a></u>	<u><a href="#">4A.1</a></u>
<u>A401</u>	<u><a href="#">Assetwise</a></u>	<u><a href="#">4A.2</a></u>
<u>A402</u>	<u><a href="#">Assetwise Compliance Engine</a></u>	<u><a href="#">4A.5</a></u>

## GMAC-RFC

Page 5  
11/21/05  
Client Guide  
Table of Contents

---

### Chapter 5, Products

<u>500</u>	<u>Product Descriptions</u>	<u>5.1</u>
<u>501</u>	<u>Fixed-Rate Mortgages (FRM)</u>	<u>5.3</u>
<u>502</u>	<u>Adjustable Rate Mortgages (ARM)</u>	<u>5.8</u>
<u>503</u>	<u>Balloon Mortgages</u>	<u>5.68</u>
<u>504</u>	<u>1st Lien Line of Credit</u>	<u>5.70</u>

---

### Chapter 6, Loan Programs

<u>600</u>	<u>Loan Programs</u>	<u>6.1</u>
------------	----------------------	------------

---

### Chapter 6A, Jumbo A Loan Program

<u>A600</u>	<u>Jumbo A Program</u>	<u>6A.1</u>
<u>A601</u>	<u>Eligibility Standards</u>	<u>6A.1</u>
<u>A602</u>	<u>Stated Income Documentation</u>	<u>6A.13</u>
<u>A603</u>	<u>EasyFi or Streamline Refinance</u>	<u>6A.15</u>

---

### Chapter 6B, Expanded Criteria Loan Program

<u>B600</u>	<u>Expanded Criteria Program</u>	<u>6B.1</u>
<u>B601</u>	<u>Eligibility Standards</u>	<u>6B.1</u>
<u>B602</u>	<u>Stated and No Ratio Income Documentation</u>	<u>6B.14</u>
<u>B603</u>	<u>Stated Income/ Stated Asset, No Income/ No Asset, and No Doc Documentation</u>	<u>6B.18</u>
<u>B604</u>	<u>Uninsured LTV</u>	<u>6B.22</u>

---

### Chapter 6C, Payment Option Loan Program

<u>C600</u>	<u>Payment Option Program</u>	<u>6C.1</u>
<u>C601</u>	<u>Eligibility Standards</u>	<u>6C.1</u>
<u>C602</u>	<u>Stated Income Documentation</u>	<u>6C.15</u>
<u>C603</u>	<u>Stated Income/ Stated Asset Documentation</u>	<u>6C.20</u>

---

## GMAC-RFC

---

### Chapter 6D, Home Solution Loan Program

<a href="#">D600 Home Solution Program</a>	6D.1
<a href="#">D601 Eligibility Standards</a>	6D.1

---

### Chapter 6E, AlterNet/Credit Gap Loan Program

<a href="#">E600 AlterNet/ Credit Gap Program</a>	6E.1
<a href="#">E601 Eligibility Standards</a>	6E.1
<a href="#">E602 Interest Only Feature Eligibility Standards</a>	6E.22
<a href="#">E603 80/ 20 Eligibility Standards</a>	6E.27

---

### Chapter 6F, Performance Loan Program

<a href="#">F600 Performance Program</a>	6F.1
<a href="#">F601 Eligibility Standards</a>	6F.1

---

### Chapter 6G, 1st Lien Line of Credit Loan Program

<a href="#">G600 1st Lien Line of Credit Program</a>	6G.1
<a href="#">G601 Eligibility Standards</a>	6G.1
<a href="#">G602 Supplemental 1st Lien Line of Credit Information</a>	6G.11

---

### Chapter 6H, Home Equity Loan Program

<a href="#">H600 Home Equity Program</a>	6H.1
<a href="#">H601 Eligibility Standards</a>	6H.1
<a href="#">H602 Supplemental Home Equity Information</a>	6H.17
<a href="#">H603 Home Equity Program Goal Line Product Description</a>	6H.19
<a href="#">H604 Home Equity Program Goal Loan Description</a>	6H.23

## GMAC-RFC

Page 7  
11/21/05  
Client Guide  
**Table of Contents**

---

### Chapter 6I, 125 CLTV Loan Program

<u>I600</u>	<u>125 CLTV Program</u>	6I.1
<u>I601</u>	<u>Eligibility Standards</u>	6I.1
<u>I602</u>	<u>Supplemental 125 CLTV Program Information</u>	6I.15

---

### Chapter 6J, Non-Standard Loan Program

<u>J600</u>	<u>Non-Standard Program</u>	6J.1
<u>J601</u>	<u>Ineligible Loans</u>	6J.1

---

### Chapter 7, At-A-Glances

<u>700</u>	<u>Program At-A-Glances</u>	7.1
------------	-----------------------------	-----



## GMAC-RFC

---

### Chapter 8, Servicing Released

<u>800</u>	<u>Servicing Released</u>	8.1
<u>801</u>	<u>Program Overview</u>	8.1
<u>802</u>	<u>Designated Servicer</u>	8.2
<u>803</u>	<u>Contractual Obligations</u>	8.2
<u>804</u>	<u>Program Eligibility</u>	8.2
<u>805</u>	<u>Disqualification Suspension or Inactivation</u>	8.2
<u>806</u>	<u>Restrictions on Loan Eligibility</u>	8.3
<u>807</u>	<u>Record Maintenance</u>	8.3
<u>808</u>	<u>Final Documents</u>	8.3
<u>809</u>	<u>Disclosure of Information; Cooperation</u>	8.3
<u>810</u>	<u>Client Representations and Warranties; Events of Servicer Default</u>	
	<u>Prior to Transfer</u>	8.4
<u>811</u>	<u>Specific Warranties and Covenants</u>	8.4
<u>812</u>	<u>Notification of Change in Servicer</u>	8.8
<u>813</u>	<u>Escrow Account for Postponed Improvements/ Repairs</u>	8.9
<u>814</u>	<u>Interest on Escrows</u>	8.9
<u>815</u>	<u>Termination of Automatic Payment</u>	8.9
<u>816</u>	<u>Purchase of Servicing</u>	8.9
<u>817</u>	<u>Servicing Released Submission of Purchase</u>	8.9
<u>818</u>	<u>Required Servicing Documents</u>	8.10
<u>819</u>	<u>Sale Date and Effective Date of Servicing Transfer</u>	8.11
<u>820</u>	<u>Reconciliation by GMAC-RFC</u>	8.12
<u>821</u>	<u>Notification of Purchase</u>	8.14
<u>822</u>	<u>Monies Paid for Servicing Released</u>	8.14
<u>823</u>	<u>Monies Due Client</u>	8.15
<u>824</u>	<u>Monies Due Designated Servicer</u>	8.16
<u>825</u>	<u>Loans Paid in Full</u>	8.17
<u>826</u>	<u>Servicing Document Corrections</u>	8.17
<u>827</u>	<u>Bulk Servicing Acquisitions</u>	8.18
<u>828</u>	<u>Subservicing Election</u>	8.18

## GMAC-RFC

---

## Chapter 9, Commitment, Prior Approval, Delivery & Funding

<a href="#">900</a>	<a href="#">Descriptions of Underlying Chapters</a>	<a href="#">9.1</a>
<a href="#">901</a>	<a href="#">Written Communication</a>	<a href="#">9.1</a>
<a href="#">902</a>	<a href="#">Assetinfo</a>	<a href="#">9.1</a>

---

## Chapter 9A, Commitments

<a href="#">A900</a>	<a href="#">Commitment Defined</a>	<a href="#">9A.1</a>
<a href="#">A901</a>	<a href="#">Requesting a Commitment</a>	<a href="#">9A.2</a>
<a href="#">A902</a>	<a href="#">Commitment Confirmation</a>	<a href="#">9A.3</a>
<a href="#">A903</a>	<a href="#">Commitment Periods</a>	<a href="#">9A.3</a>
<a href="#">A904</a>	<a href="#">Failure to Deliver or Over-Deliver</a>	<a href="#">9A.4</a>
<a href="#">A905</a>	<a href="#">Extension and Buyout Fees</a>	<a href="#">9A.5</a>

---

## Chapter 9B, Prior Underwriting Approval

<a href="#">B900</a>	<a href="#">Prior Underwriting Submission—Delivery Requirements</a>	<a href="#">9B.1</a>
<a href="#">B901</a>	<a href="#">Required Documents for Prior Underwriting</a>	<a href="#">9B.1</a>
<a href="#">B902</a>	<a href="#">Notification of Prior Underwriting Loan File Status</a>	<a href="#">9B.3</a>
<a href="#">B903</a>	<a href="#">Returning Loan Files</a>	<a href="#">9B.3</a>
<a href="#">B904</a>	<a href="#">Equal Credit Opportunity Act (ECOA) and Home Mortgage Disclosure Act (HMDA) Compliance</a>	<a href="#">9B.3</a>
<a href="#">B905</a>	<a href="#">Additional Delivery Documentation</a>	<a href="#">9B.3</a>

---

## Chapter 9C, Delivery

<a href="#">C900</a>	<a href="#">Delivery Process</a>	<a href="#">9C.1</a>
<a href="#">C901</a>	<a href="#">Submission of Funding Documents</a>	<a href="#">9C.1</a>
<a href="#">C902</a>	<a href="#">Funding Documents</a>	<a href="#">9C.2</a>
<a href="#">C903</a>	<a href="#">Review and Acceptance of Funding Documents</a>	<a href="#">9C.9</a>
<a href="#">C904</a>	<a href="#">MERS Loan Registration, Transfer and Delivery Requirements</a>	<a href="#">9C.9</a>
<a href="#">C905</a>	<a href="#">Alternative Delivery</a>	<a href="#">9C.10</a>

---

## GMAC-RFC

---

### Chapter 9D, Funding Requirements and Wire Instructions

<a href="#">D900 Wire Transfer Process</a>	9D.1
<a href="#">D901 Funding Amount</a>	9D.1
<a href="#">D902 Notification of Wire Transfer</a>	9D.3
<a href="#">D903 Payoff Prior to Funding Date</a>	9D.4
<a href="#">D904 Loans Paid in Full</a>	9D.4
<a href="#">D905 Failure to Comply with GMAC-RFC Remittance Requirements</a>	9D.5

---

### Chapter 9E, Final Documents

<a href="#">E900 Submission of Final Documents</a>	9E.1
<a href="#">E901 Review and Acceptance of Final Documents</a>	9E.2
<a href="#">E902 Further Assurance Documents</a>	9E.2

---

### Chapter 10, Definitions

---

### Chapter 11, Forms & Exhibits

<a href="#">1100 GMAC-RFC Forms &amp; Exhibits</a>	11.1
--	------

# 2A

## GMAC-RFC

Page 2A.2

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

### A201

---

#### **Specific Representations, Warranties and Covenants Concerning Client**

##### **(A) Due Organization; Good Standing; Licensing**

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each Funding Date.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

##### **(B) Authority**

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### **(C) Ordinary Course of Business**

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

2A

Page 2A.3  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

2A

Page 2A.5  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### A202

#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

### (E) Ownership; Transfer

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### (F) Disbursements; No Payoffs or Future Advancements

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### (G) No Default

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### (H) No Defenses

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.



## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

2A

Page 2A.8

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers**

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### **(d) State and Local High Cost Loans**

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any State or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### **(e) Certain Georgia Home Loans**

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the Commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### **(f) Certain New Jersey Home Loans**

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### **(g) Certain New Mexico Home Loans**

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the **Security Instrument** is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the **Mortgaged Premises** are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association (**ALTA**) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

2A

Page 2A.10

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

## GMAC-RFC

2A

Page 2A.11

11/21/05

Client Guide

**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the **Mortgaged Premises** are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The **Security Instrument** requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the Premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the Premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, the appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. For each Loan, as of the **Funding Date**, the market Value of the **Mortgaged Premises** is at least equal to the appraised Value stated on the Loan appraisal, or if an **Automated Valuation Model (AVM)** is permitted, the Value on the AVM, except to the extent that the market Value of the Mortgaged Premises is lower than the appraised or AVM Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

2A

Page 2A.12

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.



## GMAC-RFC

2A

Page 2A.13  
11/21/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

Each Jumbo A, Expanded Criteria or Payment Option Loan was originated by (i) a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or (ii) a HUD approved non-supervised or correspondent mortgagee.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3](#) of this Client Guide.

### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

2A

Page 2A.14

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan (e.g., originator, broker, title company, appraiser, etc.) was on the [Exclusionary List](#) on the date the Loan was originated as determined by the date of the promissory Note for that particular Loan.



## GMAC-RFC

**2A**

Page 2A.19  
07/22/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **A205**

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#### **Proof of Compliance**

The Client will, upon the request of GMAC-RFC, supply proof satisfactory to GMAC-RFC of its:

- (1) Compliance with all representations and warranties contained in this Client Guide, and
- (2) Compliance with all local, State and federal laws, rules and regulations.

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

## GMAC-RFC

### A208

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#### Events of Default

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or as failed to provide GMAC-RFC with information that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

2A

Page 2A.22

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

##### (B) Waiver of Defaults

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

##### (C) Survival of Remedies

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## GMAC-RFC

### A210

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#### Repurchase

##### (A) Repurchase Obligations

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

2A

Page 2A.24

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

If, for any particular Loan, Client has complied with its property valuation documentation requirements (as described under Specific Representations, Warranties and Covenants Concerning Individual Loans in the [Underwriting; Appraisal; Appraiser](#) Section) by providing Propertywise (a GMAC-RFC Qualified AVM) in lieu of an appraisal, where the Loan Program terms permit the use of Propertywise as the sole documentation of property valuation underlying such Loan, and provided Propertywise was obtained by Client in good faith directly from Propertywise Vendors (See GMAC-RFC Exhibit 16G05, Automated Valuation Model (AVM) Approved Vendors) and has been submitted to GMAC-RFC in its original, unaltered form as issued by the Propertywise Vendor; then, if an Event of Default related to such Loan arises solely out of the validity and accuracy of the property valuation amount stated in the Propertywise AVM, but provided that in all other aspects the Loan was eligible for purchase by GMAC-RFC at the time it was submitted for purchase by Client, GMAC-RFC will not exercise its right to demand repurchase for such particular Loan by reason of such particular Event of Default. However, GMAC-RFC may continue to exercise its right to demand repurchase if GMAC-RFC reasonably believes that Client or any third party originator obtained Propertywise in bad faith, such as by using Propertywise where Client or the third party originator had reason to know that the mortgaged property was materially different than that described in Propertywise or that the description in Propertywise should not be considered reliable at the time the Loan was sold to GMAC-RFC.

### (B) Repurchase Price of First Mortgage Programs

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a Premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the Premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for Servicing Rights), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary Servicer in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the buyout fee as calculated in the Extension and Buyout Fees Section of Chapter 9A, Commitments; plus
- In the event that GMAC-RFC or any of its Affiliates is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the Mortgaged Premises to an unrelated third party.

The Designated Servicer will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

## GMAC-RFC

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the Mortgaged Premises at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however Scheduled Principal Balance shall be substituted for the actual principal balance.

### (C) Repurchase Price of Home Equity Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase Premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any Servicer or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its Affiliates is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the Mortgaged Premises will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

2A

Page 2A.26

GMAC-RFC

07/22/05

Client Guide

Representations,  
Warranties and  
Covenants

#### **(D) Repurchase Price of a Servicing Released Loan**

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Released Premium be greater than the original Servicing Released Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

#### **(E) Repurchase As a Result of Conversion**

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other legal documents.

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.27  
11/21/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its **sole** discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the Substitution Date.

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the Designated Servicer against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossings  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.



## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes any act or failure to act or any breach of warranty, obligation or representation contained in the Client Contract; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-10

## *Client Guide*

# **GMAC RFC**

**Version 1-06-G01**  
**Effective March 13, 2006**

# GMAC-RFC

Page 1  
03/13/06  
Client Guide  
Table of Contents

---

## Table of Contents

---

## Chapter 1 Introduction

<u>100</u>	<u><a href="#">GMAC-RFC Objective</a></u>	<u>1.1</u>
<u>101</u>	<u><a href="#">Client Contractual Obligations</a></u>	<u>1.1</u>
<u>102</u>	<u><a href="#">Single Contract</a></u>	<u>1.1</u>
<u>103</u>	<u><a href="#">Relationship of GMAC-RFC and Client</a></u>	<u>1.2</u>
<u>104</u>	<u><a href="#">Client ID Number</a></u>	<u>1.2</u>
<u>105</u>	<u><a href="#">GMAC-RFC Loan Number</a></u>	<u>1.2</u>
<u>106</u>	<u><a href="#">Servicer Contractual Obligations</a></u>	<u>1.2</u>
<u>107</u>	<u><a href="#">Notice</a></u>	<u>1.3</u>
<u>108</u>	<u><a href="#">Hours of Operation and Holidays</a></u>	<u>1.3</u>
<u>109</u>	<u><a href="#">Client Guide Organization</a></u>	<u>1.3</u>
<u>110</u>	<u><a href="#">Headings, Use of Capitalization and Definitions</a></u>	<u>1.4</u>
<u>111</u>	<u><a href="#">Form &amp; Exhibit Numbering</a></u>	<u>1.5</u>
<u>112</u>	<u><a href="#">Client Guide Online</a></u>	<u>1.5</u>
<u>113</u>	<u><a href="#">General Rules of Interpretation</a></u>	<u>1.5</u>
<u>114</u>	<u><a href="#">Use of Client's Name</a></u>	<u>1.6</u>
<u>115</u>	<u><a href="#">Use of GMAC-RFC Name and Service Marks</a></u>	<u>1.7</u>
<u>116</u>	<u><a href="#">Assetinfo</a></u>	<u>1.7</u>

---

## Chapter 2 Client Eligibility

<u>200</u>	<u><a href="#">Client Eligibility</a></u>	<u>2.1</u>
<u>201</u>	<u><a href="#">Eligibility Standards</a></u>	<u>2.2</u>
<u>202</u>	<u><a href="#">Client Contract</a></u>	<u>2.4</u>
<u>203</u>	<u><a href="#">Client Underwriting Responsibilities</a></u>	<u>2.4</u>
<u>204</u>	<u><a href="#">Continuing Client Obligations</a></u>	<u>2.4</u>
<u>205</u>	<u><a href="#">Disqualification, Suspension or Inactivation</a></u>	<u>2.4</u>
<u>206</u>	<u><a href="#">Reporting Requirements</a></u>	<u>2.6</u>
<u>207</u>	<u><a href="#">Audits and Inspections</a></u>	<u>2.8</u>
<u>208</u>	<u><a href="#">Disclosure of Information</a></u>	<u>2.8</u>
<u>209</u>	<u><a href="#">Maintenance of Records</a></u>	<u>2.9</u>
<u>210</u>	<u><a href="#">Quality Control</a></u>	<u>2.9</u>

## GMAC-RFC

---

# Chapter 2A Representations, Warranties and Covenants

<a href="#">A200</a>	<a href="#">Client Representations Warranties and Covenants</a>	<a href="#">2A.1</a>
<a href="#">A201</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Client</a>	<a href="#">2A.2</a>
<a href="#">A202</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Individual Loans</a>	<a href="#">2A.5</a>
<a href="#">A203</a>	<a href="#">Additional Client Representations, Warranties and Covenants for the Home Equity Program</a>	<a href="#">2A.15</a>
<a href="#">A204</a>	<a href="#">Non-Standard Documents</a>	<a href="#">2A.17</a>
<a href="#">A205</a>	<a href="#">Proof of Compliance</a>	<a href="#">2A.18</a>
<a href="#">A206</a>	<a href="#">Integrity of Information</a>	<a href="#">2A.19</a>
<a href="#">A207</a>	<a href="#">Third-Party Originators</a>	<a href="#">2A.19</a>
<a href="#">A208</a>	<a href="#">Events of Default</a>	<a href="#">2A.20</a>
<a href="#">A209</a>	<a href="#">Remedies of GMAC-RFC</a>	<a href="#">2A.20</a>
<a href="#">A210</a>	<a href="#">Repurchase</a>	<a href="#">2A.21</a>
<a href="#">A211</a>	<a href="#">Disqualification Suspension or Inactivation</a>	<a href="#">2A.26</a>
<a href="#">A212</a>	<a href="#">Indemnification</a>	<a href="#">2A.27</a>
<a href="#">A213</a>	<a href="#">Right of Set-Off</a>	<a href="#">2A.28</a>
<a href="#">A214</a>	<a href="#">Merger or Consolidation of Client</a>	<a href="#">2A.28</a>
<a href="#">A215</a>	<a href="#">Notification of Changes in Client Status</a>	<a href="#">2A.28</a>
<a href="#">A216</a>	<a href="#">Premium Recapture</a>	<a href="#">2A.29</a>

---

# Chapter 3 Loan Eligibility

<a href="#">300</a>	<a href="#">Descriptions of Underlying Chapters</a>	<a href="#">3.1</a>
<a href="#">301</a>	<a href="#">Loan Seasoning</a>	<a href="#">3.1</a>
<a href="#">302</a>	<a href="#">Required Signatures</a>	<a href="#">3.2</a>

---

# Chapter 3A Occupancy, Borrower & Ownership Status

<a href="#">A300</a>	<a href="#">Occupancy Types</a>	<a href="#">3A.1</a>
<a href="#">A301</a>	<a href="#">Borrower Types</a>	<a href="#">3A.2</a>
<a href="#">A302</a>	<a href="#">Multiple Loans to One Borrower</a>	<a href="#">3A.4</a>
<a href="#">A303</a>	<a href="#">Ownership Interests</a>	<a href="#">3A.5</a>

## GMAC-RFC

---

### Chapter 3B Transactions

<a href="#">B300 Arm's Length and Non-Arm's Length Transactions</a>	3B.1
<a href="#">B301 Transaction Types</a>	3B.1

---

### Chapter 3C Financing

<a href="#">C300 Determining Amount to Be Financed</a>	3C.1
<a href="#">C301 Calculating Loan-to-Value Ratios</a>	3C.1
<a href="#">C302 Secondary or Subordinate Financing</a>	3C.4
<a href="#">C303 Sales Concessions or Home-seller Subsidy</a>	3C.5
<a href="#">C304 Escrow Issues</a>	3C.5
<a href="#">C305 Temporary Buydowns</a>	3C.7
<a href="#">C306 West Virginia Loans</a>	3C.8
<a href="#">C307 Texas Equity Loans</a>	3C.9
<a href="#">C308 Current Payment History</a>	3C.12

---

### Chapter 3D Property Types & Considerations

<a href="#">D300 Property Issues</a>	3D.1
<a href="#">D301 Eligible Property Types</a>	3D.1
<a href="#">D302 Ineligible Property Types</a>	3D.5
<a href="#">D303 Project Requirements for Warrantable Condominiums and PUDs</a>	3D.6

---

### Chapter 3E Loan Documents & Notes

<a href="#">E300 Note Requirements</a>	3E.1
<a href="#">E301 Loan Documents</a>	3E.3

## GMAC-RFC

---

### Chapter 3F Insurance & Survey Requirements

<a href="#">F300 Insurance Requirements</a>	3F.1
<a href="#">F301 Hazard Insurance</a>	3F.1
<a href="#">F302 Mortgage Insurance</a>	3F.3
<a href="#">F303 Earthquake Insurance</a>	3F.7
<a href="#">F304 Flood Certification</a>	3F.7
<a href="#">F305 Flood Insurance</a>	3F.7
<a href="#">F306 Condominium Insurance</a>	3F.8
<a href="#">F307 PUD Insurance</a>	3F.11
<a href="#">F308 Title Insurance</a>	3F.12
<a href="#">F309 Title Search/ Insurance for Second Mortgage Programs</a>	3F.16
<a href="#">F310 Survey Requirements</a>	3F.16

---

### Chapter 3G Prepayment Penalties

<a href="#">G300 Prepayment Definition</a>	3G.1
<a href="#">G301 Program Prepayment Pricing Requirements</a>	3G.2
<a href="#">G302 Compliance with Applicable Laws</a>	3G.3

---

### Chapter 4 Underwriting

<a href="#">400 Description of Underlying Chapters</a>	4.1
<a href="#">401 Client Underwriting Responsibility</a>	4.1
<a href="#">402 GMAC-RFC Underwriting Review</a>	4.2
<a href="#">403 Loan Application Analysis</a>	4.2
<a href="#">404 Electronic Documentation Standards</a>	4.2

---

### Chapter 4A Credit

<a href="#">A400 Credit Report Requirements</a>	4A.1
<a href="#">A401 Credit Score Requirements</a>	4A.1
<a href="#">A402 Selecting Credit Score</a>	4A.2
<a href="#">A403 Minimum Credit History &amp; Trade Line Requirements</a>	4A.2
<a href="#">A404 Credit Evaluation Overview</a>	4A.3
<a href="#">A405 Credit Evaluation Components</a>	4A.4
<a href="#">A406 Upgrading the Credit Grade</a>	4A.11

## GMAC-RFC

---

### Chapter 4B Liabilities & Debt Ratios

<a href="#">B400 Qualifying Ratios—Payment</a>	4B.1
<a href="#">B401 Borrower's Liabilities</a>	4B.3
<a href="#">B402 Debt Payoff</a>	4B.4
<a href="#">B403 Co-Signed Debts</a>	4B.4
<a href="#">B404 Divorce Debts</a>	4B.4
<a href="#">B405 Business Debts</a>	4B.4
<a href="#">B406 Borrower Capacity</a>	4B.4
<a href="#">B407 Student Loans</a>	4B.4

---

### Chapter 4C Cash to Close

<a href="#">C400 Cash to Close</a>	4C.1
------------------------------------	------

---

### Chapter 4D Income Types

<a href="#">D400 Borrower Income</a>	4D.1
<a href="#">D401 Employment and Income Analysis</a>	4D.1
<a href="#">D402 Income Types</a>	4D.2
<a href="#">D403 Wage Earners</a>	4D.2
<a href="#">D404 Self-Employed Income</a>	4D.3
<a href="#">D405 Fixed Income</a>	4D.5
<a href="#">D406 Rental Income</a>	4D.6
<a href="#">D407 Other Income</a>	4D.7
<a href="#">D408 Trailing or Relocating Co-Borrower</a>	4D.8

---

### Chapter 4E Income Documentation

<a href="#">E400 Income Documentation</a>	4E.1
<a href="#">E401 Full Income Documentation Requirements</a>	4E.2
<a href="#">E402 Lite Income Documentation Requirements</a>	4E.5
<a href="#">E403 One Paystub Income Documentation Requirements</a>	4E.5
<a href="#">E404 Fast Income Documentation Requirements</a>	4E.6
<a href="#">E405 Stated Income Documentation Requirements</a>	4E.9
<a href="#">E406 No Ratio Documentation Requirements</a>	4E.10
<a href="#">E407 Stated Income/ Stated Asset Documentation Requirements</a>	4E.11
<a href="#">E408 No Income/ No Asset Documentation Requirements</a>	4E.12
<a href="#">E409 No Doc Income</a>	4E.12



## GMAC-RFC

---

### Chapter 4F Appraisal Requirements & Property Underwriting

<a href="#">F400 Collateral Property Underwriting</a>	4F.1
<a href="#">F401 Appraiser Requirements</a>	4F.2
<a href="#">F402 Appraisal Requirements</a>	4F.2
<a href="#">F403 Appraisal Evaluation</a>	4F.6
<a href="#">F404 Additional Review Considerations</a>	4F.15

---

### Chapter 4G Electronic Services

<a href="#">G400 Overview and Incorporation of Terms of Use</a>	4G.1
<a href="#">G401 Assetwise</a>	4G.2
<a href="#">G402 Assetwise Compliance Engine</a>	4G.5

---

### Chapter 5 Products

<a href="#">500 Product Descriptions</a>	5.1
<a href="#">501 Fixed-Rate Mortgages (FRM)</a>	5.3
<a href="#">502 Adjustable Rate Mortgages (ARM)</a>	5.9
<a href="#">503 Balloon Mortgages</a>	5.70
<a href="#">504 1st Lien Line of Credit</a>	5.72

---

### Chapter 6 Loan Programs

<a href="#">600 Loan Programs</a>	6.1
-----------------------------------	-----

---

### Chapter 6A Jumbo A Loan Program

<a href="#">A600 Jumbo A Program</a>	6A.1
<a href="#">A601 Eligibility Standards</a>	6A.1
<a href="#">A602 Stated Income Documentation</a>	6A.11
<a href="#">A603 EasyFi or Streamline Refinance</a>	6A.11

## GMAC-RFC

---

### Chapter 6B Expanded Criteria Loan Program

<a href="#">B600 Expanded Criteria Program</a>	6B.1
<a href="#">B601 Eligibility Standards</a>	6B.1
<a href="#">B602 Stated and No Ratio Income Documentation</a>	6B.11
<a href="#">B603 Stated Income/ Stated Asset, No Income/ No Asset, and No Doc Documentation</a>	6B.11
<a href="#">B604 Uninsured LTV</a>	6B.13

---

### Chapter 6C Payment Option Loan Program

<a href="#">C600 Payment Option Program</a>	6C.1
<a href="#">C601 Eligibility Standards</a>	6C.1
<a href="#">C602 Stated Income Documentation</a>	6C.12
<a href="#">C603 Stated Income/ Stated Asset Documentation</a>	6C.13

---

### Chapter 6D Home Solution Loan Program

<a href="#">D600 Home Solution Program</a>	6D.1
<a href="#">D601 Eligibility Standards</a>	6D.1

---

### Chapter 6E AlterNet Loan Program

<a href="#">E600 AlterNet Program</a>	6E.1
<a href="#">E601 Eligibility Standards</a>	6E.1
<a href="#">E602 Interest Only Feature Eligibility Standards</a>	6E.12
<a href="#">E603 80/ 20 Eligibility Standards</a>	6E.15

---

### Chapter 6F Performance Loan Program

<a href="#">F600 Performance Program</a>	6F.1
<a href="#">F601 Eligibility Standards</a>	6F.1

## GMAC-RFC

---

### Chapter 6G 1st Lien Line of Credit Loan Program

<a href="#">G600 1st Lien Line of Credit Program</a>	6G.1
<a href="#">G601 Eligibility Standards</a>	6G.1
<a href="#">G602 Supplemental 1st Lien Line of Credit Information</a>	6G.9

---

### Chapter 6H Home Equity Loan Program

<a href="#">H600 Home Equity Program</a>	6H.1
<a href="#">H601 Eligibility Standards</a>	6H.1
<a href="#">H602 Supplemental Home Equity Information</a>	6H.13
<a href="#">H603 Home Equity Program Goal Line Product Description</a>	6H.14
<a href="#">H604 Home Equity Program Goal Loan Description</a>	6H.18

---

### Chapter 6I 125 CLTV Loan Program

<a href="#">I600 125 CLTV Program</a>	6I.1
<a href="#">I601 Eligibility Standards</a>	6I.1
<a href="#">I602 Supplemental 125 CLTV Program Information</a>	6I.13

---

### Chapter 6J Non-Standard Loan Program

<a href="#">J600 Non-Standard Program</a>	6J.1
<a href="#">J601 Ineligible Loans</a>	6J.1

---

### Chapter 7 At-A-Glances

<a href="#">700 Program At-A-Glances</a>	7.1
--	-----

## GMAC-RFC

Page 9  
03/13/06  
Client Guide  
Table of Contents

---

## Chapter 8 Servicing Released

<u>800</u>	<u>Servicing Released</u>	<u>8.1</u>
<u>801</u>	<u>Program Overview</u>	<u>8.1</u>
<u>802</u>	<u>Designated Servicer</u>	<u>8.2</u>
<u>803</u>	<u>Contractual Obligations</u>	<u>8.2</u>
<u>804</u>	<u>Program Eligibility</u>	<u>8.2</u>
<u>805</u>	<u>Disqualification Suspension or Inactivation</u>	<u>8.2</u>
<u>806</u>	<u>Restrictions on Loan Eligibility</u>	<u>8.3</u>
<u>807</u>	<u>Record Maintenance</u>	<u>8.3</u>
<u>808</u>	<u>Final Documents</u>	<u>8.3</u>
<u>809</u>	<u>Disclosure of Information; Cooperation</u>	<u>8.3</u>
<u>810</u>	<u>Client Representations and Warranties; Events of Servicer Default</u>	
	<u>Prior to Transfer</u>	<u>8.4</u>
<u>811</u>	<u>Specific Warranties and Covenants</u>	<u>8.4</u>
<u>812</u>	<u>Notification of Change in Servicer</u>	<u>8.8</u>
<u>813</u>	<u>Escrow Account for Postponed Improvements/ Repairs</u>	<u>8.9</u>
<u>814</u>	<u>Interest on Escrows</u>	<u>8.9</u>
<u>815</u>	<u>Termination of Automatic Payment</u>	<u>8.9</u>
<u>816</u>	<u>Purchase of Servicing</u>	<u>8.9</u>
<u>817</u>	<u>Servicing Released Submission of Purchase</u>	<u>8.9</u>
<u>818</u>	<u>Required Servicing Documents</u>	<u>8.10</u>
<u>819</u>	<u>Sale Date and Effective Date of Transfer</u>	<u>8.11</u>
<u>820</u>	<u>Reconciliation by GMAC-RFC</u>	<u>8.12</u>
<u>821</u>	<u>Notification of Purchase</u>	<u>8.14</u>
<u>822</u>	<u>Monies Paid for Servicing Released</u>	<u>8.14</u>
<u>823</u>	<u>Monies Due Client</u>	<u>8.15</u>
<u>824</u>	<u>Monies Due Designated Servicer</u>	<u>8.16</u>
<u>825</u>	<u>Loans Paid in Full</u>	<u>8.17</u>
<u>826</u>	<u>Servicing Document Corrections</u>	<u>8.17</u>
<u>827</u>	<u>Bulk Servicing Acquisitions</u>	<u>8.18</u>
<u>828</u>	<u>Subservicing Election</u>	<u>8.18</u>

---

## Chapter 9 Commitment, Prior Approval, Delivery & Funding

<u>900</u>	<u>Descriptions of Underlying Chapters</u>	<u>9.1</u>
<u>901</u>	<u>Written Communication</u>	<u>9.1</u>
<u>902</u>	<u>Assetinfo</u>	<u>9.1</u>

## GMAC-RFC

---

### Chapter 9A Commitments

<a href="#">A900 Commitment Defined</a>	9A.1
<a href="#">A901 Requesting a Commitment</a>	9A.2
<a href="#">A902 Commitment Confirmation</a>	9A.3
<a href="#">A903 Commitment Periods</a>	9A.3
<a href="#">A904 Failure to Deliver or Over-Deliver</a>	9A.4
<a href="#">A905 Extension and Buyout Fees</a>	9A.5

---

### Chapter 9B Prior Underwriting Approval

<a href="#">B900 Prior Underwriting Submission—Delivery Requirements</a>	9B.1
<a href="#">B901 Required Documents for Prior Underwriting</a>	9B.1
<a href="#">B902 Notification of Prior Underwriting Loan File Status</a>	9B.3
<a href="#">B903 Returning Loan Files</a>	9B.3
<a href="#">B904 Equal Credit Opportunity Act (ECOA) and Home Mortgage Disclosure Act (HMDA) Compliance</a>	9B.3
<a href="#">B905 Additional Delivery Documentation</a>	9B.3

---

### Chapter 9C Delivery

<a href="#">C900 Delivery Process</a>	9C.1
<a href="#">C901 Submission of Funding Documents</a>	9C.1
<a href="#">C902 Funding Documents</a>	9C.2
<a href="#">C903 Review and Acceptance of Funding Documents</a>	9C.8
<a href="#">C904 MERS Loan Registration, Transfer and Delivery Requirements</a>	9C.9
<a href="#">C905 Alternative Delivery</a>	9C.10

---

### Chapter 9D Funding Requirements and Wire Instructions

<a href="#">D900 Wire Transfer Process</a>	9D.1
<a href="#">D901 Funding Amount</a>	9D.1
<a href="#">D902 Notification of Wire Transfer</a>	9D.4
<a href="#">D903 Payoff Prior to Funding Date</a>	9D.5
<a href="#">D904 Loans Paid in Full</a>	9D.5
<a href="#">D905 Failure to Comply with GMAC-RFC Remittance Requirements</a>	9D.6

## GMAC-RFC

Page 11  
03/13/06  
Client Guide  
**Table of Contents**

---

### Chapter 9E Final Documents

<u>E900</u>	<u>Submission of Final Documents</u>	9E.1
<u>E901</u>	<u>Review and Acceptance of Final Documents</u>	9E.2
<u>E902</u>	<u>Further Assurance Documents</u>	9E.2

---

### Chapter 11 Forms & Exhibits

<u>1100</u>	<u>GMAC-RFC Forms &amp; Exhibits</u>	11.1
-------------	--------------------------------------	------

---

### Chapter 10 Definitions

# 2A

## GMAC-RFC

Page 2A.2

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

### A201

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#### **Specific Representations, Warranties and Covenants Concerning Client**

##### **(A) Due Organization; Good Standing; Licensing**

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each Funding Date.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

##### **(B) Authority**

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### **(C) Ordinary Course of Business**

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.



2A

Page 2A.4

GMAC-RFC

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

**(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

**(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client’s interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

**(K) Origination, Servicing**

Client’s origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

**(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

**(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

**(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

### (E) Ownership; Transfer

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### (F) Disbursements; No Payoffs or Future Advancements

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### (G) No Default

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### (H) No Defenses

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

**2A**

Page 2A.8

11/21/05

Client Guide

**Representations,  
Warranties and  
Covenants**

## **GMAC-RFC**

### **(c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers**

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### **(d) State and Local High Cost Loans**

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any State or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### **(e) Certain Georgia Home Loans**

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the Commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### **(f) Certain New Jersey Home Loans**

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### **(g) Certain New Mexico Home Loans**

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its [Servicer](#) must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the [Security Instrument](#) is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the [Mortgaged Premises](#) are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association ([ALTA](#)) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.

2A

Page 2A.10

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could:

(i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.



## GMAC-RFC

2A

Page 2A.11

11/21/05

Client Guide

**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the [Mortgaged Premises](#) are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The [Security Instrument](#) requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the Premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the Premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, the appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. For each Loan, as of the [Funding Date](#), the market Value of the [Mortgaged Premises](#) is at least equal to the appraised Value stated on the Loan appraisal, or if an [Automated Valuation Model \(AVM\)](#) is permitted, the Value on the AVM, except to the extent that the market Value of the Mortgaged Premises is lower than the appraised or AVM Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.



2A

Page 2A.12

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

Each Jumbo A, Expanded Criteria or Payment Option Loan was originated by (i) a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or (ii) a HUD approved non-supervised or correspondent mortgagee.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3C, Financing](#), of this Client Guide.

### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

2A

Page 2A.14

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan (e.g., originator, broker, title company, appraiser, etc.) was on the [Exclusionary List](#) on the date the Loan was originated as determined by the date of the promissory Note for that particular Loan.

## GMAC-RFC

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

### **A207**

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#### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations
- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of [Delinquency](#)

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

2A

Page 2A.20

12/01/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A208

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#### Events of Default

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or has failed to provide GMAC-RFC with information in a timely manner, including information required under Regulation AB or any successor regulation, that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

## GMAC-RFC

### **(B) Waiver of Defaults**

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

### **(C) Survival of Remedies**

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## **A210**

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### **Repurchase**

#### **(A) Repurchase Obligations**

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.



2A

Page 2A.22

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

If, for any particular Loan, Client has complied with its property valuation documentation requirements (as described under Specific Representations, Warranties and Covenants Concerning Individual Loans in the [Underwriting; Appraisal; Appraiser](#) Section) by providing a GMAC-RFC Qualified AVM in lieu of an appraisal, where the [Loan Program](#) terms permit the use of a [Qualified AVM](#) as the sole documentation of property valuation underlying such Loan, and provided a Qualified AVM was obtained by Client in good faith directly from Qualified AVM Vendors (See GMAC-RFC [Exhibit 16G05](#), Automated Valuation Model (AVM) Approved Vendors) and has been submitted to GMAC-RFC in its original, unaltered form as issued by the Qualified AVM Vendor; then, if an [Event of Default](#) related to such Loan arises solely out of the validity and accuracy of the property valuation amount stated in the Qualified AVM, but provided that in all other aspects the Loan was eligible for purchase by GMAC-RFC at the time it was submitted for purchase by Client, GMAC-RFC will not exercise its right to demand repurchase for such particular Loan by reason of such particular Event of Default. However, GMAC-RFC may continue to exercise its right to demand repurchase if GMAC-RFC reasonably believes that Client or any third party originator obtained a Qualified AVM in bad faith, such as by using a Qualified AVM where Client or the third party originator had reason to know that the mortgaged property was materially different than that described in the Qualified AVM or that the description in the Qualified AVM should not be considered reliable at the time the Loan was sold to GMAC-RFC.

### (B) Repurchase Price of First Mortgage Programs

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a Premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the Premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus
- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary [Servicer](#) in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the [Buyout Fee](#) as calculated in the [Extension and Buyout Fees](#) Section of Chapter 9A, Commitments; plus

## GMAC-RFC

- In the event that GMAC-RFC or any of its [Affiliates](#) is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the [Mortgaged Premises](#) to an unrelated third party.

The [Designated Servicer](#) will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the [Mortgaged Premises](#) at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however [Scheduled Principal Balance](#) shall be substituted for the actual principal balance.

### (C) Repurchase Price of Home Equity Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase Premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any [Servicer](#) or sub-servicer of a Home Equity Loan by reason of the termination of that [Servicer's](#) or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its [Affiliate](#) is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less



2A

Page 2A.24

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

### (D) Repurchase Price of a Servicing Released Loan

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency](#) Payoff/Liquidation warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Released Premium be greater than the original Servicing Released Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

### (E) Repurchase As a Result of Conversion

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other [Legal Documents](#).

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

## GMAC-RFC

2A

Page 2A.25  
11/21/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its sole discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the Substitution Date.

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the Designated Servicer against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossings  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes, **without limitation, liabilities arising from (i) any act or failure to act, (ii) any breach of warranty, obligation or representation contained in the Client Contract, (iii) any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach, (iv) any breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract and (v) any untrue statement of a material fact, omission to state a material fact, or false or misleading information provided by the Client in information required under Regulation AB or any successor regulation.**

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-11

## *Client Guide*

# **GMAC RFC**

Version 1-06-G02  
Effective June 12, 2006

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# GMAC-RFC

Page 1  
06/12/06  
Client Guide  
Table of Contents

---

## Table of Contents

---

## Chapter 1 Introduction

<u>100</u>	<u>GMAC-RFC Objective</u>	<u>1.1</u>
<u>101</u>	<u>Client Contractual Obligations</u>	<u>1.1</u>
<u>102</u>	<u>Single Contract</u>	<u>1.1</u>
<u>103</u>	<u>Relationship of GMAC-RFC and Client</u>	<u>1.2</u>
<u>104</u>	<u>Client ID Number</u>	<u>1.2</u>
<u>105</u>	<u>GMAC-RFC Loan Number</u>	<u>1.2</u>
<u>106</u>	<u>Servicer Contractual Obligations</u>	<u>1.2</u>
<u>107</u>	<u>Notice</u>	<u>1.3</u>
<u>108</u>	<u>Hours of Operation and Holidays</u>	<u>1.3</u>
<u>109</u>	<u>Client Guide Organization</u>	<u>1.3</u>
<u>110</u>	<u>Headings, Use of Capitalization and Definitions</u>	<u>1.5</u>
<u>111</u>	<u>Form &amp; Exhibit Numbering</u>	<u>1.5</u>
<u>112</u>	<u>Client Guide Online</u>	<u>1.5</u>
<u>113</u>	<u>General Rules of Interpretation</u>	<u>1.5</u>
<u>114</u>	<u>Use of Client's Name</u>	<u>1.6</u>
<u>115</u>	<u>Use of GMAC-RFC Name and Service Marks</u>	<u>1.7</u>
<u>116</u>	<u>Assetinfo</u>	<u>1.7</u>

---

## Chapter 2 Client Eligibility

<u>200</u>	<u>Client Eligibility</u>	<u>2.1</u>
<u>201</u>	<u>Eligibility Standards</u>	<u>2.2</u>
<u>202</u>	<u>Client Contract</u>	<u>2.4</u>
<u>203</u>	<u>Client Underwriting Responsibilities</u>	<u>2.4</u>
<u>204</u>	<u>Continuing Client Obligations</u>	<u>2.4</u>
<u>205</u>	<u>Disqualification, Suspension or Inactivation</u>	<u>2.4</u>
<u>206</u>	<u>Reporting Requirements</u>	<u>2.6</u>
<u>207</u>	<u>Audits and Inspections</u>	<u>2.8</u>
<u>208</u>	<u>Disclosure of Information</u>	<u>2.8</u>
<u>209</u>	<u>Maintenance of Records</u>	<u>2.9</u>
<u>210</u>	<u>Quality Control</u>	<u>2.9</u>

## GMAC-RFC

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## Chapter 2A Representations, Warranties and Covenants

<a href="#">A200</a>	<a href="#">Client Representations Warranties and Covenants</a>	<a href="#">2A.1</a>
<a href="#">A201</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Client</a>	<a href="#">2A.2</a>
<a href="#">A202</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Individual Loans</a>	<a href="#">2A.5</a>
<a href="#">A203</a>	<a href="#">Additional Client Representations, Warranties and Covenants for the Home Equity Program</a>	<a href="#">2A.15</a>
<a href="#">A204</a>	<a href="#">Non-Standard Documents</a>	<a href="#">2A.17</a>
<a href="#">A205</a>	<a href="#">Proof of Compliance</a>	<a href="#">2A.18</a>
<a href="#">A206</a>	<a href="#">Integrity of Information</a>	<a href="#">2A.19</a>
<a href="#">A207</a>	<a href="#">Third-Party Originators</a>	<a href="#">2A.19</a>
<a href="#">A208</a>	<a href="#">Events of Default</a>	<a href="#">2A.20</a>
<a href="#">A209</a>	<a href="#">Remedies of GMAC-RFC</a>	<a href="#">2A.20</a>
<a href="#">A210</a>	<a href="#">Repurchase</a>	<a href="#">2A.21</a>
<a href="#">A211</a>	<a href="#">Disqualification Suspension or Inactivation</a>	<a href="#">2A.26</a>
<a href="#">A212</a>	<a href="#">Indemnification</a>	<a href="#">2A.27</a>
<a href="#">A213</a>	<a href="#">Right of Set-Off</a>	<a href="#">2A.28</a>
<a href="#">A214</a>	<a href="#">Merger or Consolidation of Client</a>	<a href="#">2A.28</a>
<a href="#">A215</a>	<a href="#">Notification of Changes in Client Status</a>	<a href="#">2A.28</a>
<a href="#">A216</a>	<a href="#">Premium Recapture</a>	<a href="#">2A.29</a>

---

## Chapter 3 Loan Eligibility

<a href="#">300</a>	<a href="#">Descriptions of Underlying Chapters</a>	<a href="#">3.1</a>
<a href="#">301</a>	<a href="#">Loan Seasoning</a>	<a href="#">3.1</a>
<a href="#">302</a>	<a href="#">Required Signatures</a>	<a href="#">3.2</a>

---

## Chapter 3A Occupancy, Borrower & Ownership Status

<a href="#">A300</a>	<a href="#">Occupancy Types</a>	<a href="#">3A.1</a>
<a href="#">A301</a>	<a href="#">Borrower Types</a>	<a href="#">3A.2</a>
<a href="#">A302</a>	<a href="#">Multiple Loans to One Borrower</a>	<a href="#">3A.4</a>
<a href="#">A303</a>	<a href="#">Ownership Interests</a>	<a href="#">3A.5</a>

## GMAC-RFC

---

### Chapter 3B Transactions

<a href="#">B300 Arm's Length and Non-Arm's Length Transactions</a>	3B.1
<a href="#">B301 Transaction Types</a>	3B.1

---

### Chapter 3C Financing

<a href="#">C300 Determining Amount to Be Financed</a>	3C.1
<a href="#">C301 Calculating Loan-to-Value Ratios</a>	3C.1
<a href="#">C302 Secondary or Subordinate Financing</a>	3C.4
<a href="#">C303 Sales Concessions or Home-seller Subsidy</a>	3C.5
<a href="#">C304 Escrow Issues</a>	3C.5
<a href="#">C305 Temporary Buydowns</a>	3C.7
<a href="#">C306 West Virginia Loans</a>	3C.8
<a href="#">C307 Texas Equity Loans</a>	3C.9
<a href="#">C308 Current Payment History</a>	3C.12

---

### Chapter 3D Property Types & Considerations

<a href="#">D300 Property Issues</a>	3D.1
<a href="#">D301 Eligible Property Types</a>	3D.1
<a href="#">D302 Ineligible Property Types</a>	3D.5
<a href="#">D303 Project Requirements for Warrantable Condominiums and PUDs</a>	3D.6

---

### Chapter 3E Loan Documents & Notes

<a href="#">E300 Note Requirements</a>	3E.1
<a href="#">E301 Loan Documents</a>	3E.3

---

### Chapter 3F Insurance & Survey Requirements

<a href="#">F300 Insurance Requirements</a>	3F.1
<a href="#">F301 Hazard Insurance</a>	3F.1
<a href="#">F302 Mortgage Insurance</a>	3F.3
<a href="#">F303 Earthquake Insurance</a>	3F.7
<a href="#">F304 Flood Certification</a>	3F.7
<a href="#">F305 Flood Insurance</a>	3F.7



## GMAC-RFC

<a href="#">F306</a>	<a href="#">Condominium Insurance</a>	<a href="#">3F.8</a>
<a href="#">F307</a>	<a href="#">PUD Insurance</a>	<a href="#">3F.11</a>
<a href="#">F308</a>	<a href="#">Title Insurance</a>	<a href="#">3F.12</a>
<a href="#">F309</a>	<a href="#">Title Search/ Insurance for Second Mortgage Programs</a>	<a href="#">3F.16</a>
<a href="#">F310</a>	<a href="#">Survey Requirements</a>	<a href="#">3F.16</a>

---

## Chapter 3G Prepayment Penalties

<a href="#">G300</a>	<a href="#">Prepayment Definition</a>	<a href="#">3G.1</a>
<a href="#">G301</a>	<a href="#">Program Prepayment Pricing Requirements</a>	<a href="#">3G.2</a>
<a href="#">G302</a>	<a href="#">Compliance with Applicable Laws</a>	<a href="#">3G.3</a>

---

## Chapter 4 Underwriting

<a href="#">400</a>	<a href="#">Description of Underlying Chapters</a>	<a href="#">4.1</a>
<a href="#">401</a>	<a href="#">Client Underwriting Responsibility</a>	<a href="#">4.1</a>
<a href="#">402</a>	<a href="#">GMAC-RFC Underwriting Review</a>	<a href="#">4.2</a>
<a href="#">403</a>	<a href="#">Loan Application Analysis</a>	<a href="#">4.2</a>
<a href="#">404</a>	<a href="#">Electronic Documentation Standards</a>	<a href="#">4.2</a>

---

## Chapter 4A Credit

<a href="#">A400</a>	<a href="#">Credit Report Requirements</a>	<a href="#">4A.1</a>
<a href="#">A401</a>	<a href="#">Credit Score Requirements</a>	<a href="#">4A.1</a>
<a href="#">A402</a>	<a href="#">Selecting Credit Score</a>	<a href="#">4A.2</a>
<a href="#">A403</a>	<a href="#">Minimum Credit History &amp; Trade Line Requirements</a>	<a href="#">4A.2</a>
<a href="#">A404</a>	<a href="#">Credit Evaluation Overview</a>	<a href="#">4A.3</a>
<a href="#">A405</a>	<a href="#">Credit Evaluation Components</a>	<a href="#">4A.4</a>
<a href="#">A406</a>	<a href="#">Upgrading the Credit Grade</a>	<a href="#">4A.11</a>

---

## Chapter 4B Liabilities & Debt Ratios

<a href="#">B400</a>	<a href="#">Qualifying Ratios—Payment</a>	<a href="#">4B.1</a>
<a href="#">B401</a>	<a href="#">Borrower's Liabilities</a>	<a href="#">4B.3</a>
<a href="#">B402</a>	<a href="#">Debt Payoff</a>	<a href="#">4B.4</a>
<a href="#">B403</a>	<a href="#">Co-Signed Debts</a>	<a href="#">4B.4</a>
<a href="#">B404</a>	<a href="#">Divorce Debts</a>	<a href="#">4B.4</a>
<a href="#">B405</a>	<a href="#">Business Debts</a>	<a href="#">4B.4</a>
<a href="#">B406</a>	<a href="#">Borrower Capacity</a>	<a href="#">4B.4</a>
<a href="#">B407</a>	<a href="#">Student Loans</a>	<a href="#">4B.4</a>

## GMAC-RFC

---

### Chapter 4C Cash to Close

<a href="#">C400 Cash to Close</a>	4C.1
------------------------------------	------

---

### Chapter 4D Income Types

<a href="#">D400 Borrower Income</a>	4D.1
<a href="#">D401 Employment and Income Analysis</a>	4D.1
<a href="#">D402 Income Types</a>	4D.2
<a href="#">D403 Wage Earners</a>	4D.2
<a href="#">D404 Self-Employed Income</a>	4D.3
<a href="#">D405 Fixed Income</a>	4D.5
<a href="#">D406 Rental Income</a>	4D.6
<a href="#">D407 Other Income</a>	4D.7
<a href="#">D408 Trailing or Relocating Co-Borrower</a>	4D.8

---

### Chapter 4E Income Documentation

<a href="#">E400 Income Documentation</a>	4E.1
<a href="#">E401 Full Income Documentation Requirements</a>	4E.2
<a href="#">E402 Lite Income Documentation Requirements</a>	4E.5
<a href="#">E403 One Paystub Income Documentation Requirements</a>	4E.5
<a href="#">E404 Fast Income Documentation Requirements</a>	4E.6
<a href="#">E405 Stated Income Documentation Requirements</a>	4E.9
<a href="#">E406 No Ratio Documentation Requirements</a>	4E.10
<a href="#">E407 Stated Income/ Stated Asset Documentation Requirements</a>	4E.11
<a href="#">E408 No Income/ No Asset Documentation Requirements</a>	4E.12
<a href="#">E409 No Doc Income</a>	4E.12

---

### Chapter 4F Appraisal Requirements & Property Underwriting

<a href="#">F400 Collateral Property Underwriting</a>	4F.1
<a href="#">F401 Appraiser Requirements</a>	4F.2
<a href="#">F402 Appraisal Requirements</a>	4F.2
<a href="#">F403 Appraisal Evaluation</a>	4F.6
<a href="#">F404 Additional Review Considerations</a>	4F.15

## GMAC-RFC

---

### Chapter 4G Electronic Services

<a href="#">G400 Overview and Incorporation of Terms of Use</a>	4G.1
<a href="#">G401 Assetwise</a>	4G.2
<a href="#">G402 Assetwise Compliance Engine</a>	4G.5

---

### Chapter 5 Products

<a href="#">500 Product Descriptions</a>	5.1
<a href="#">501 Fixed-Rate Mortgages (FRM)</a>	5.2
<a href="#">502 Adjustable Rate Mortgages (ARM)</a>	5.8
<a href="#">503 Balloon Mortgages</a>	5.70
<a href="#">504 1st Lien Line of Credit</a>	5.72

---

### Chapter 6 Loan Programs

<a href="#">600 Loan Programs</a>	6.1
-----------------------------------	-----

---

### Chapter 6A Jumbo A Loan Program

<a href="#">A600 Jumbo A Program</a>	6A.1
<a href="#">A601 Eligibility Standards</a>	6A.1
<a href="#">A602 Stated Income Documentation</a>	6A.10
<a href="#">A603 EasyFi or Streamline Refinance</a>	6A.10

---

### Chapter 6B Expanded Criteria Loan Program

<a href="#">B600 Expanded Criteria Program</a>	6B.1
<a href="#">B601 Eligibility Standards</a>	6B.1
<a href="#">B602 Stated and No Ratio Income Documentation</a>	6B.11
<a href="#">B603 Stated Income/ Stated Asset, No Income/ No Asset, and No Doc Documentation</a>	6B.11
<a href="#">B604 Uninsured LTV</a>	6B.14

## GMAC-RFC

---

### Chapter 6C Payment Option Loan Program

<a href="#">C600</a>	<a href="#">Payment Option Program</a>	6C.1
<a href="#">C601</a>	<a href="#">Eligibility Standards</a>	6C.1
<a href="#">C602</a>	<a href="#">Stated Income Documentation</a>	6C.11
<a href="#">C603</a>	<a href="#">Stated Income/ Stated Asset Documentation</a>	6C.12

---

### Chapter 6D Home Solution Loan Program

<a href="#">D600</a>	<a href="#">Home Solution Program</a>	6D.1
<a href="#">D601</a>	<a href="#">Eligibility Standards</a>	6D.1

---

### Chapter 6E AlterNet Loan Program

<a href="#">E600</a>	<a href="#">AlterNet Program</a>	6E.1
<a href="#">E601</a>	<a href="#">Eligibility Standards</a>	6E.1
<a href="#">E602</a>	<a href="#">Interest Only Feature Eligibility Standards</a>	6E.12
<a href="#">E603</a>	<a href="#">80/ 20 Eligibility Standards</a>	6E.15

---

### Chapter 6F Performance Loan Program

<a href="#">F600</a>	<a href="#">Performance Program</a>	6F.1
<a href="#">F601</a>	<a href="#">Eligibility Standards</a>	6F.1

---

### Chapter 6G 1st Lien Line of Credit Loan Program

<a href="#">G600</a>	<a href="#">1st Lien Line of Credit Program</a>	6G.1
<a href="#">G601</a>	<a href="#">Eligibility Standards</a>	6G.1
<a href="#">G602</a>	<a href="#">Supplemental 1st Lien Line of Credit Information</a>	6G.9

## GMAC-RFC

---

### Chapter 6H Home Equity Loan Program

<a href="#">H600 Home Equity Program</a>	6H.1
<a href="#">H601 Eligibility Standards</a>	6H.1
<a href="#">H602 Supplemental Home Equity Information</a>	6H.13
<a href="#">H603 Home Equity Program Goal Line Product Description</a>	6H.14
<a href="#">H604 Home Equity Program Goal Loan Description</a>	6H.18

---

### Chapter 6I 125 CLTV Loan Program

<a href="#">I600 125 CLTV Program</a>	6I.1
<a href="#">I601 Eligibility Standards</a>	6I.1
<a href="#">I602 Supplemental 125 CLTV Program Information</a>	6I.13

---

### Chapter 6J Non-Standard Loan Program

<a href="#">J600 Non-Standard Program</a>	6J.1
<a href="#">J601 Ineligible Loans</a>	6J.1

---

### Chapter 7 At-A-Glances

<a href="#">700 Program At-A-Glances</a>	7.1
--	-----

---

### Chapter 8 Servicing Released

<a href="#">800 Servicing Released</a>	8.1
<a href="#">801 Program Overview</a>	8.1
<a href="#">802 Designated Servicer</a>	8.2
<a href="#">803 Contractual Obligations</a>	8.2
<a href="#">804 Program Eligibility</a>	8.2
<a href="#">805 Disqualification Suspension or Inactivation</a>	8.2
<a href="#">806 Restrictions on Loan Eligibility</a>	8.3
<a href="#">807 Record Maintenance</a>	8.3
<a href="#">808 Final Documents</a>	8.3
<a href="#">809 Disclosure of Information; Cooperation</a>	8.3
<a href="#">810 Client Representations and Warranties; Events of Servicer Default Prior to Transfer</a>	8.4

## GMAC-RFC

Page 9  
06/12/06  
Client Guide  
Table of Contents

811	<a href="#">Specific Warranties and Covenants</a>	8.4
812	<a href="#">Notification of Change in Servicer</a>	8.8
813	<a href="#">Escrow Account for Postponed Improvements/ Repairs</a>	8.9
814	<a href="#">Interest on Escrows</a>	8.9
815	<a href="#">Termination of Automatic Payment</a>	8.9
816	<a href="#">Purchase of Servicing</a>	8.9
817	<a href="#">Servicing Released Submission of Purchase</a>	8.9
818	<a href="#">Required Servicing Documents</a>	8.10
819	<a href="#">Sale Date and Effective Date of Transfer</a>	8.11
820	<a href="#">Reconciliation by GMAC-RFC</a>	8.12
821	<a href="#">Notification of Purchase</a>	8.14
822	<a href="#">Monies Paid for Servicing Released</a>	8.14
823	<a href="#">Monies Due Client</a>	8.15
824	<a href="#">Monies Due Designated Servicer</a>	8.16
825	<a href="#">Loans Paid in Full</a>	8.17
826	<a href="#">Servicing Document Corrections</a>	8.17
827	<a href="#">Bulk Servicing Acquisitions</a>	8.18
828	<a href="#">Subservicing Election</a>	8.18

---

## Chapter 9 Commitment, Prior Approval, Delivery & Funding

900	<a href="#">Descriptions of Underlying Chapters</a>	9.1
901	<a href="#">Written Communication</a>	9.1
902	<a href="#">Assetinfo</a>	9.1

---

## Chapter 9A Commitments

A900	<a href="#">Commitment Defined</a>	9A.1
A901	<a href="#">Requesting a Commitment</a>	9A.2
A902	<a href="#">Commitment Confirmation</a>	9A.3
A903	<a href="#">Commitment Periods</a>	9A.3
A904	<a href="#">Failure to Deliver or Over-Deliver</a>	9A.4
A905	<a href="#">Extension and Buyout Fees</a>	9A.5

---

## Chapter 9B Prior Underwriting Approval

B900	<a href="#">Prior Underwriting Submission—Delivery Requirements</a>	9B.1
B901	<a href="#">Required Documents for Prior Underwriting</a>	9B.1
B902	<a href="#">Notification of Prior Underwriting Loan File Status</a>	9B.3
B903	<a href="#">Returning Loan Files</a>	9B.3

## GMAC-RFC

<u>B904</u>	<u>Equal Credit Opportunity Act (ECOA) and Home Mortgage Disclosure Act (HMDA) Compliance</u>	<u>9B.3</u>
<u>B905</u>	<u>Additional Delivery Documentation</u>	<u>9B.3</u>

---

## Chapter 9C Delivery

<u>C900</u>	<u>Delivery Process</u>	<u>9C.1</u>
<u>C901</u>	<u>Submission of Funding Documents</u>	<u>9C.1</u>
<u>C902</u>	<u>Funding Documents</u>	<u>9C.2</u>
<u>C903</u>	<u>Review and Acceptance of Funding Documents</u>	<u>9C.8</u>
<u>C904</u>	<u>MERS Loan Registration, Transfer and Delivery Requirements</u>	<u>9C.9</u>
<u>C905</u>	<u>Alternative Delivery</u>	<u>9C.10</u>

---

## Chapter 9D Funding Requirements and Wire Instructions

<u>D900</u>	<u>Wire Transfer Process</u>	<u>9D.1</u>
<u>D901</u>	<u>Funding Amount</u>	<u>9D.1</u>
<u>D902</u>	<u>Notification of Wire Transfer</u>	<u>9D.4</u>
<u>D903</u>	<u>Payoff Prior to Funding Date</u>	<u>9D.5</u>
<u>D904</u>	<u>Loans Paid in Full</u>	<u>9D.5</u>
<u>D905</u>	<u>Failure to Comply with GMAC-RFC Remittance Requirements</u>	<u>9D.6</u>

---

## Chapter 9E Final Documents

<u>E900</u>	<u>Submission of Final Documents</u>	<u>9E.1</u>
<u>E901</u>	<u>Review and Acceptance of Final Documents</u>	<u>9E.2</u>
<u>E902</u>	<u>Further Assurance Documents</u>	<u>9E.2</u>

---

## Chapter 10 Definitions

---

## Chapter 11 Forms & Exhibits

<u>1100</u>	<u>GMAC-RFC Forms &amp; Exhibits</u>	<u>11.1</u>
-------------	--------------------------------------	-------------

# 2A

## GMAC-RFC

Page 2A.2

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

### A201

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#### Specific Representations, Warranties and Covenants Concerning Client

##### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each Funding Date.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

##### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.



## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

2A

Page 2A.4

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

### **(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client's interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

### **(K) Origination, Servicing**

Client's origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

### **(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

### **(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

### **(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

### (E) Ownership; Transfer

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### (F) Disbursements; No Payoffs or Future Advancements

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### (G) No Default

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### (H) No Defenses

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

**2A**

Page 2A.8

11/21/05

Client Guide

**Representations,  
Warranties and  
Covenants**

## **GMAC-RFC**

### **(c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers**

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### **(d) State and Local High Cost Loans**

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any State or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### **(e) Certain Georgia Home Loans**

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the Commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### **(f) Certain New Jersey Home Loans**

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### **(g) Certain New Mexico Home Loans**

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The prepayment penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the **Security Instrument** is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the **Mortgaged Premises** are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association (**ALTA**) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.



2A

Page 2A.10

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could:

(i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.



## GMAC-RFC

2A

Page 2A.11  
11/21/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the [Mortgaged Premises](#) are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The [Security Instrument](#) requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the Premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the Premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, the appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. For each Loan, as of the [Funding Date](#), the market Value of the [Mortgaged Premises](#) is at least equal to the appraised Value stated on the Loan appraisal, or if an [Automated Valuation Model \(AVM\)](#) is permitted, the Value on the AVM, except to the extent that the market Value of the Mortgaged Premises is lower than the appraised or AVM Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

2A

Page 2A.12

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

Each Jumbo A, Expanded Criteria or Payment Option Loan was originated by (i) a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or (ii) a HUD approved non-supervised or correspondent mortgagee.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3C](#), Financing, of this Client Guide.

### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

2A

Page 2A.14

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan (e.g., originator, broker, title company, appraiser, etc.) was on the [Exclusionary List](#) on the date the Loan was originated as determined by the date of the promissory Note for that particular Loan.

## GMAC-RFC

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

### **A207**

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#### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations
- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of [Delinquency](#)

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

2A

Page 2A.20

12/01/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A208

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#### Events of Default

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or has failed to provide GMAC-RFC with information in a timely manner, including information required under Regulation AB or any successor regulation, that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity

## GMAC-RFC

### **(B) Waiver of Defaults**

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

### **(C) Survival of Remedies**

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## **A210**

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### **Repurchase**

#### **(A) Repurchase Obligations**

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.



2A

Page 2A.22

GMAC-RFC

06/12/06

Client Guide

Representations,  
Warranties and  
Covenants

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

If, for any particular Loan, Client has complied with its property valuation documentation requirements (as described under Specific Representations, Warranties and Covenants Concerning Individual Loans in the [Underwriting; Appraisal; Appraiser](#) Section) by providing a GMAC-RFC Qualified AVM in lieu of an appraisal, where the [Loan Program](#) terms permit the use of a [Qualified AVM](#) as the sole documentation of property valuation underlying such Loan, and provided a Qualified AVM was obtained by Client in good faith directly from Qualified AVM Vendors (See GMAC-RFC [Exhibit 16G05](#), Automated Valuation Model (AVM) Approved Vendors) and has been submitted to GMAC-RFC in its original, unaltered form as issued by the Qualified AVM Vendor; **or, alternatively, if GMAC-RFC has waived an appraisal and indicated such waiver in its Assetwise<sup>SM</sup> messaging (an [Appraisal Waiver](#))**, then, if an [Event of Default](#) related to such Loan arises solely out of the validity and accuracy of the property valuation amount stated in the Qualified AVM, **or otherwise related to the property valuation amount with respect to a loan where GMAC-RFC has granted an Appraisal Waiver**, but provided that in all other aspects the Loan was eligible for purchase by GMAC-RFC at the time it was submitted for purchase by Client, GMAC-RFC will not exercise its right to demand repurchase for such particular Loan by reason of such particular Event of Default. However, **in the case of either a [Qualified AVM](#) or an [Appraisal Waiver](#)**, GMAC-RFC may continue to exercise its right to demand repurchase if GMAC-RFC reasonably believes that Client or any third party originator obtained a Qualified AVM **or allowed GMAC-RFC to rely on an [Appraisal Waiver](#)** in bad faith, such as by using a Qualified AVM where Client or the third party originator had reason to know that the mortgaged property was materially different than that described in the Qualified AVM or that the description in the Qualified AVM should not be considered reliable at the time the Loan was sold to GMAC-RFC, **or where the Client or third party originator has reason to know that the mortgaged property was materially damaged.**

#### **(B) Repurchase Price of First Mortgage Programs**

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a Premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the Premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus



## GMAC-RFC

- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary **Servicer** in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the **Buyout Fee** as calculated in the **Extension and Buyout Fees** Section of Chapter 9A, Commitments; plus
- In the event that GMAC-RFC or any of its **Affiliates** is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the **Mortgaged Premises** to an unrelated third party.

The **Designated Servicer** will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the **Mortgaged Premises** at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however **Scheduled Principal Balance** shall be substituted for the actual principal balance.

### **(C) Repurchase Price of Home Equity Program**

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase Premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any **Servicer** or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its **Affiliates** is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

2A

Page 2A.24

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

### (D) Repurchase Price of a Servicing Released Loan

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency Payoff/Liquidation](#) warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Released Premium be greater than the original Servicing Released Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

### (E) Repurchase As a Result of Conversion

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other [Legal Documents](#).

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

## GMAC-RFC

2A

Page 2A.25  
11/21/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its sole discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossings  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes, without limitation, liabilities arising from (i) any act or failure to act, (ii) any breach of warranty, obligation or representation contained in the Client Contract, (iii) any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach, (iv) any breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract and (v) any untrue statement of a material fact, omission to state a material fact, or false or misleading information provided by the Client in information required under Regulation AB or any successor regulation.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.

# EXHIBIT B-12

## *Client Guide*

# **GMAC RFC**

**Version 1-06-B04**  
**Effective July 24, 2006**

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# GMAC-RFC

Page 1  
07/24//06  
Client Guide  
Table of Contents

---

## Table of Contents

---

## Chapter 1 Introduction

<u>100</u>	<u><a href="#">GMAC-RFC Objective</a></u>	<u><a href="#">1.1</a></u>
<u>101</u>	<u><a href="#">Client Contractual Obligations</a></u>	<u><a href="#">1.1</a></u>
<u>102</u>	<u><a href="#">Single Contract</a></u>	<u><a href="#">1.1</a></u>
<u>103</u>	<u><a href="#">Relationship of GMAC-RFC and Client</a></u>	<u><a href="#">1.2</a></u>
<u>104</u>	<u><a href="#">Client ID Number</a></u>	<u><a href="#">1.2</a></u>
<u>105</u>	<u><a href="#">GMAC-RFC Loan Number</a></u>	<u><a href="#">1.2</a></u>
<u>106</u>	<u><a href="#">Servicer Contractual Obligations</a></u>	<u><a href="#">1.2</a></u>
<u>107</u>	<u><a href="#">Notice</a></u>	<u><a href="#">1.3</a></u>
<u>108</u>	<u><a href="#">Hours of Operation and Holidays</a></u>	<u><a href="#">1.3</a></u>
<u>109</u>	<u><a href="#">Client Guide Organization</a></u>	<u><a href="#">1.3</a></u>
<u>110</u>	<u><a href="#">Headings, Use of Capitalization and Definitions</a></u>	<u><a href="#">1.5</a></u>
<u>111</u>	<u><a href="#">Form &amp; Exhibit Numbering</a></u>	<u><a href="#">1.5</a></u>
<u>112</u>	<u><a href="#">Client Guide Online</a></u>	<u><a href="#">1.5</a></u>
<u>113</u>	<u><a href="#">General Rules of Interpretation</a></u>	<u><a href="#">1.5</a></u>
<u>114</u>	<u><a href="#">Use of Client's Name</a></u>	<u><a href="#">1.6</a></u>
<u>115</u>	<u><a href="#">Use of GMAC-RFC Name and Service Marks</a></u>	<u><a href="#">1.7</a></u>
<u>116</u>	<u><a href="#">Assetinfo</a></u>	<u><a href="#">1.7</a></u>

---

## Chapter 2 Client Eligibility

<u>200</u>	<u><a href="#">Client Eligibility</a></u>	<u><a href="#">2.1</a></u>
<u>201</u>	<u><a href="#">Eligibility Standards</a></u>	<u><a href="#">2.2</a></u>
<u>202</u>	<u><a href="#">Client Contract</a></u>	<u><a href="#">2.4</a></u>
<u>203</u>	<u><a href="#">Client Underwriting Responsibilities</a></u>	<u><a href="#">2.4</a></u>
<u>204</u>	<u><a href="#">Continuing Client Obligations</a></u>	<u><a href="#">2.4</a></u>
<u>205</u>	<u><a href="#">Disqualification, Suspension or Inactivation</a></u>	<u><a href="#">2.4</a></u>
<u>206</u>	<u><a href="#">Reporting Requirements</a></u>	<u><a href="#">2.6</a></u>
<u>207</u>	<u><a href="#">Audits and Inspections</a></u>	<u><a href="#">2.8</a></u>
<u>208</u>	<u><a href="#">Disclosure of Information</a></u>	<u><a href="#">2.8</a></u>
<u>209</u>	<u><a href="#">Maintenance of Records</a></u>	<u><a href="#">2.9</a></u>
<u>210</u>	<u><a href="#">Quality Control</a></u>	<u><a href="#">2.9</a></u>

## GMAC-RFC

---

# Chapter 2A Representations, Warranties and Covenants

<a href="#">A200</a>	<a href="#">Client Representations Warranties and Covenants</a>	<a href="#">2A.1</a>
<a href="#">A201</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Client</a>	<a href="#">2A.2</a>
<a href="#">A202</a>	<a href="#">Specific Representations, Warranties and Covenants Concerning Individual Loans</a>	<a href="#">2A.5</a>
<a href="#">A203</a>	<a href="#">Additional Client Representations, Warranties and Covenants for the Home Equity Program</a>	<a href="#">2A.15</a>
<a href="#">A204</a>	<a href="#">Non-Standard Documents</a>	<a href="#">2A.17</a>
<a href="#">A205</a>	<a href="#">Proof of Compliance</a>	<a href="#">2A.18</a>
<a href="#">A206</a>	<a href="#">Integrity of Information</a>	<a href="#">2A.19</a>
<a href="#">A207</a>	<a href="#">Third-Party Originators</a>	<a href="#">2A.19</a>
<a href="#">A208</a>	<a href="#">Events of Default</a>	<a href="#">2A.20</a>
<a href="#">A209</a>	<a href="#">Remedies of GMAC-RFC</a>	<a href="#">2A.20</a>
<a href="#">A210</a>	<a href="#">Repurchase</a>	<a href="#">2A.21</a>
<a href="#">A211</a>	<a href="#">Disqualification Suspension or Inactivation</a>	<a href="#">2A.26</a>
<a href="#">A212</a>	<a href="#">Indemnification</a>	<a href="#">2A.27</a>
<a href="#">A213</a>	<a href="#">Right of Set-Off</a>	<a href="#">2A.28</a>
<a href="#">A214</a>	<a href="#">Merger or Consolidation of Client</a>	<a href="#">2A.28</a>
<a href="#">A215</a>	<a href="#">Notification of Changes in Client Status</a>	<a href="#">2A.28</a>
<a href="#">A216</a>	<a href="#">Premium Recapture</a>	<a href="#">2A.29</a>

---

# Chapter 3 Loan Eligibility

<a href="#">300</a>	<a href="#">Descriptions of Underlying Chapters</a>	<a href="#">3.1</a>
<a href="#">301</a>	<a href="#">Loan Seasoning</a>	<a href="#">3.1</a>
<a href="#">302</a>	<a href="#">Required Signatures</a>	<a href="#">3.2</a>

---

# Chapter 3A Occupancy, Borrower & Ownership Status

<a href="#">A300</a>	<a href="#">Occupancy Types</a>	<a href="#">3A.1</a>
<a href="#">A301</a>	<a href="#">Borrower Types</a>	<a href="#">3A.2</a>
<a href="#">A302</a>	<a href="#">Multiple Loans to One Borrower</a>	<a href="#">3A.4</a>
<a href="#">A303</a>	<a href="#">Ownership Interests</a>	<a href="#">3A.5</a>



## GMAC-RFC

Page 3  
07/24/06  
Client Guide  
Table of Contents

---

### Chapter 3B Transactions

<a href="#">B300 Arm's Length and Non-Arm's Length Transactions</a>	3B.1
<a href="#">B301 Transaction Types</a>	3B.1

---

### Chapter 3C Financing

<a href="#">C300 Determining Amount to Be Financed</a>	3C.1
<a href="#">C301 Calculating Loan-to-Value Ratios</a>	3C.1
<a href="#">C302 Secondary or Subordinate Financing</a>	3C.4
<a href="#">C303 Sales Concessions or Home-seller Subsidy</a>	3C.5
<a href="#">C304 Escrow Issues</a>	3C.5
<a href="#">C305 Temporary Buydowns</a>	3C.7
<a href="#">C306 West Virginia Loans</a>	3C.8
<a href="#">C307 Texas Equity Loans</a>	3C.9
<a href="#">C308 Current Payment History</a>	3C.12

---

### Chapter 3D Property Types & Considerations

<a href="#">D300 Property Issues</a>	3D.1
<a href="#">D301 Eligible Property Types</a>	3D.1
<a href="#">D302 Ineligible Property Types</a>	3D.5
<a href="#">D303 Project Requirements for Warrantable Condominiums and PUDs</a>	3D.6

---

### Chapter 3E Loan Documents & Notes

<a href="#">E300 Note Requirements</a>	3E.1
<a href="#">E301 Loan Documents</a>	3E.3

---

### Chapter 3F Insurance & Survey Requirements

<a href="#">F300 Insurance Requirements</a>	3F.1
<a href="#">F301 Hazard Insurance</a>	3F.1
<a href="#">F302 Mortgage Insurance</a>	3F.3
<a href="#">F303 Earthquake Insurance</a>	3F.7
<a href="#">F304 Flood Certification</a>	3F.7
<a href="#">F305 Flood Insurance</a>	3F.7

## GMAC-RFC

<a href="#">F306</a>	<a href="#">Condominium Insurance</a>	<a href="#">3F.8</a>
<a href="#">F307</a>	<a href="#">PUD Insurance</a>	<a href="#">3F.11</a>
<a href="#">F308</a>	<a href="#">Title Insurance</a>	<a href="#">3F.12</a>
<a href="#">F309</a>	<a href="#">Title Search/ Insurance for Second Mortgage Programs</a>	<a href="#">3F.16</a>
<a href="#">F310</a>	<a href="#">Survey Requirements</a>	<a href="#">3F.16</a>

---

## Chapter 3G Prepayment Penalties

<a href="#">G300</a>	<a href="#">Prepayment Definition</a>	<a href="#">3G.1</a>
<a href="#">G301</a>	<a href="#">Program Prepayment Pricing Requirements</a>	<a href="#">3G.2</a>
<a href="#">G302</a>	<a href="#">Compliance with Applicable Laws</a>	<a href="#">3G.3</a>

---

## Chapter 4 Underwriting

<a href="#">400</a>	<a href="#">Description of Underlying Chapters</a>	<a href="#">4.1</a>
<a href="#">401</a>	<a href="#">Client Underwriting Responsibility</a>	<a href="#">4.1</a>
<a href="#">402</a>	<a href="#">GMAC-RFC Underwriting Review</a>	<a href="#">4.2</a>
<a href="#">403</a>	<a href="#">Loan Application Analysis</a>	<a href="#">4.2</a>
<a href="#">404</a>	<a href="#">Electronic Documentation Standards</a>	<a href="#">4.2</a>

---

## Chapter 4A Credit

<a href="#">A400</a>	<a href="#">Credit Report Requirements</a>	<a href="#">4A.1</a>
<a href="#">A401</a>	<a href="#">Credit Score Requirements</a>	<a href="#">4A.1</a>
<a href="#">A402</a>	<a href="#">Selecting Credit Score</a>	<a href="#">4A.2</a>
<a href="#">A403</a>	<a href="#">Minimum Credit History &amp; Trade Line Requirements</a>	<a href="#">4A.2</a>
<a href="#">A404</a>	<a href="#">Credit Evaluation Overview</a>	<a href="#">4A.3</a>
<a href="#">A405</a>	<a href="#">Credit Evaluation Components</a>	<a href="#">4A.4</a>
<a href="#">A406</a>	<a href="#">Upgrading the Credit Grade</a>	<a href="#">4A.11</a>

---

## Chapter 4B Liabilities & Debt Ratios

<a href="#">B400</a>	<a href="#">Qualifying Ratios—Payment</a>	<a href="#">4B.1</a>
<a href="#">B401</a>	<a href="#">Borrower's Liabilities</a>	<a href="#">4B.3</a>
<a href="#">B402</a>	<a href="#">Debt Payoff</a>	<a href="#">4B.4</a>
<a href="#">B403</a>	<a href="#">Co-Signed Debts</a>	<a href="#">4B.4</a>
<a href="#">B404</a>	<a href="#">Divorce Debts</a>	<a href="#">4B.4</a>
<a href="#">B405</a>	<a href="#">Business Debts</a>	<a href="#">4B.4</a>
<a href="#">B406</a>	<a href="#">Borrower Capacity</a>	<a href="#">4B.4</a>
<a href="#">B407</a>	<a href="#">Student Loans</a>	<a href="#">4B.4</a>

## GMAC-RFC

---

### Chapter 4C Cash to Close

<a href="#">C400 Cash to Close</a>	4C.1
------------------------------------	------

---

### Chapter 4D Income Types

<a href="#">D400 Borrower Income</a>	4D.1
<a href="#">D401 Employment and Income Analysis</a>	4D.1
<a href="#">D402 Income Types</a>	4D.2
<a href="#">D403 Wage Earners</a>	4D.2
<a href="#">D404 Self-Employed Income</a>	4D.3
<a href="#">D405 Fixed Income</a>	4D.5
<a href="#">D406 Rental Income</a>	4D.6
<a href="#">D407 Other Income</a>	4D.7
<a href="#">D408 Trailing or Relocating Co-Borrower</a>	4D.8

---

### Chapter 4E Income Documentation

<a href="#">E400 Income Documentation</a>	4E.1
<a href="#">E401 Full Income Documentation Requirements</a>	4E.2
<a href="#">E402 Lite Income Documentation Requirements</a>	4E.5
<a href="#">E403 One Paystub Income Documentation Requirements</a>	4E.5
<a href="#">E404 Fast Income Documentation Requirements</a>	4E.6
<a href="#">E405 Stated Income Documentation Requirements</a>	4E.9
<a href="#">E406 No Ratio Documentation Requirements</a>	4E.10
<a href="#">E407 Stated Income/ Stated Asset Documentation Requirements</a>	4E.11
<a href="#">E408 No Income/ No Asset Documentation Requirements</a>	4E.12
<a href="#">E409 No Doc Income</a>	4E.12

---

### Chapter 4F Appraisal Requirements & Property Underwriting

<a href="#">F400 Collateral Property Underwriting</a>	4F.1
<a href="#">F401 Appraiser Requirements</a>	4F.2
<a href="#">F402 Appraisal Requirements</a>	4F.2
<a href="#">F403 Appraisal Evaluation</a>	4F.6
<a href="#">F404 Additional Review Considerations</a>	4F.15

## GMAC-RFC

---

### Chapter 4G Electronic Services

<a href="#">G400 Overview and Incorporation of Terms of Use</a>	4G.1
<a href="#">G401 Assetwise</a>	4G.2
<a href="#">G402 Assetwise Compliance Engine</a>	4G.5

---

### Chapter 5 Products

<a href="#">500 Product Descriptions</a>	5.1
<a href="#">501 Fixed-Rate Mortgages (FRM)</a>	5.2
<a href="#">502 Adjustable Rate Mortgages (ARM)</a>	5.8
<a href="#">503 Balloon Mortgages</a>	5.70
<a href="#">504 1st Lien Line of Credit</a>	5.72

---

### Chapter 6 Loan Programs

<a href="#">600 Loan Programs</a>	6.1
-----------------------------------	-----

---

### Chapter 6A Jumbo A Loan Program

<a href="#">A600 Jumbo A Program</a>	6A.1
<a href="#">A601 Eligibility Standards</a>	6A.1
<a href="#">A602 Stated Income Documentation</a>	6A.10
<a href="#">A603 EasyFi or Streamline Refinance</a>	6A.10

---

### Chapter 6B Expanded Criteria Loan Program

<a href="#">B600 Expanded Criteria Program</a>	6B.1
<a href="#">B601 Eligibility Standards</a>	6B.1
<a href="#">B602 Stated and No Ratio Income Documentation</a>	6B.11
<a href="#">B603 Stated Income/ Stated Asset, No Income/ No Asset, and No Doc Documentation</a>	6B.11
<a href="#">B604 Uninsured LTV</a>	6B.14

## GMAC-RFC

Page 7  
07/24/06  
Client Guide  
[Table of Contents](#)

---

### Chapter 6C Payment Option Loan Program

<a href="#">C600</a>	<a href="#">Payment Option Program</a>	6C.1
<a href="#">C601</a>	<a href="#">Eligibility Standards</a>	6C.1
<a href="#">C602</a>	<a href="#">Stated Income Documentation</a>	6C.11
<a href="#">C603</a>	<a href="#">Stated Income/ Stated Asset Documentation</a>	6C.12

---

### Chapter 6D Home Solution Loan Program

<a href="#">D600</a>	<a href="#">Home Solution Program</a>	6D.1
<a href="#">D601</a>	<a href="#">Eligibility Standards</a>	6D.1

---

### Chapter 6E AlterNet Loan Program

<a href="#">E600</a>	<a href="#">AlterNet Program</a>	6E.1
<a href="#">E601</a>	<a href="#">Eligibility Standards</a>	6E.1
<a href="#">E602</a>	<a href="#">Interest Only Feature Eligibility Standards</a>	6E.12
<a href="#">E603</a>	<a href="#">80/ 20 Eligibility Standards</a>	6E.15

---

### Chapter 6F Performance Loan Program

<a href="#">F600</a>	<a href="#">Performance Program</a>	6F.1
<a href="#">F601</a>	<a href="#">Eligibility Standards</a>	6F.1

---

### Chapter 6G 1st Lien Line of Credit Loan Program

<a href="#">G600</a>	<a href="#">1st Lien Line of Credit Program</a>	6G.1
<a href="#">G601</a>	<a href="#">Eligibility Standards</a>	6G.1
<a href="#">G602</a>	<a href="#">Supplemental 1st Lien Line of Credit Information</a>	6G.9

## GMAC-RFC

---

### Chapter 6H Home Equity Loan Program

<a href="#">H600</a>	<a href="#">Home Equity Program</a>	6H.1
<a href="#">H601</a>	<a href="#">Eligibility Standards</a>	6H.1
<a href="#">H602</a>	<a href="#">Supplemental Home Equity Information</a>	6H.13
<a href="#">H603</a>	<a href="#">Home Equity Program Goal Line Product Description</a>	6H.14
<a href="#">H604</a>	<a href="#">Home Equity Program Goal Loan Description</a>	6H.18

---

### Chapter 6I 125 CLTV Loan Program

<a href="#">I600</a>	<a href="#">125 CLTV Program</a>	6I.1
<a href="#">I601</a>	<a href="#">Eligibility Standards</a>	6I.1
<a href="#">I602</a>	<a href="#">Supplemental 125 CLTV Program Information</a>	6I.13

---

### Chapter 6J Non-Standard Loan Program

<a href="#">J600</a>	<a href="#">Non-Standard Program</a>	6J.1
<a href="#">J601</a>	<a href="#">Ineligible Loans</a>	6J.1

---

### Chapter 7 At-A-Glances

<a href="#">700</a>	<a href="#">Program At-A-Glances</a>	7.1
---------------------	--------------------------------------	-----

---

### Chapter 8 Servicing Released

<a href="#">800</a>	<a href="#">Servicing Released</a>	8.1
<a href="#">801</a>	<a href="#">Program Overview</a>	8.1
<a href="#">802</a>	<a href="#">Designated Servicer</a>	8.2
<a href="#">803</a>	<a href="#">Contractual Obligations</a>	8.2
<a href="#">804</a>	<a href="#">Program Eligibility</a>	8.2
<a href="#">805</a>	<a href="#">Disqualification Suspension or Inactivation</a>	8.2
<a href="#">806</a>	<a href="#">Restrictions on Loan Eligibility</a>	8.3
<a href="#">807</a>	<a href="#">Record Maintenance</a>	8.3
<a href="#">808</a>	<a href="#">Final Documents</a>	8.3
<a href="#">809</a>	<a href="#">Disclosure of Information; Cooperation</a>	8.3
<a href="#">810</a>	<a href="#">Client Representations and Warranties; Events of Servicer</a>	
	<a href="#">Default Prior to Transfer</a>	8.4

## GMAC-RFC

Page 9  
07/24/06  
Client Guide  
Table of Contents

<a href="#">811</a>	<a href="#">Specific Warranties and Covenants</a>	<a href="#">8.4</a>
<a href="#">812</a>	<a href="#">Notification of Change in Servicer</a>	<a href="#">8.8</a>
<a href="#">813</a>	<a href="#">Escrow Account for Postponed Improvements/ Repairs</a>	<a href="#">8.9</a>
<a href="#">814</a>	<a href="#">Interest on Escrows</a>	<a href="#">8.9</a>
<a href="#">815</a>	<a href="#">Termination of Automatic Payment</a>	<a href="#">8.9</a>
<a href="#">816</a>	<a href="#">Purchase of Servicing</a>	<a href="#">8.9</a>
<a href="#">817</a>	<a href="#">Servicing Released Submission of Purchase</a>	<a href="#">8.9</a>
<a href="#">818</a>	<a href="#">Required Servicing Documents</a>	<a href="#">8.10</a>
<a href="#">819</a>	<a href="#">Sale Date and Effective Date of Transfer</a>	<a href="#">8.11</a>
<a href="#">820</a>	<a href="#">Reconciliation by GMAC-RFC</a>	<a href="#">8.12</a>
<a href="#">821</a>	<a href="#">Notification of Purchase</a>	<a href="#">8.14</a>
<a href="#">822</a>	<a href="#">Monies Paid for Servicing Released</a>	<a href="#">8.14</a>
<a href="#">823</a>	<a href="#">Monies Due Client</a>	<a href="#">8.15</a>
<a href="#">824</a>	<a href="#">Monies Due Designated Servicer</a>	<a href="#">8.16</a>
<a href="#">825</a>	<a href="#">Loans Paid in Full</a>	<a href="#">8.17</a>
<a href="#">826</a>	<a href="#">Servicing Document Corrections</a>	<a href="#">8.17</a>
<a href="#">827</a>	<a href="#">Bulk Servicing Acquisitions</a>	<a href="#">8.18</a>
<a href="#">828</a>	<a href="#">Subservicing Election</a>	<a href="#">8.18</a>

---

## Chapter 9 Commitment, Prior Approval, Delivery & Funding

<a href="#">900</a>	<a href="#">Descriptions of Underlying Chapters</a>	<a href="#">9.1</a>
<a href="#">901</a>	<a href="#">Written Communication</a>	<a href="#">9.1</a>
<a href="#">902</a>	<a href="#">Assetinfo</a>	<a href="#">9.1</a>

---

## Chapter 9A Commitments

<a href="#">A900</a>	<a href="#">Commitment Defined</a>	<a href="#">9A.1</a>
<a href="#">A901</a>	<a href="#">Requesting a Commitment</a>	<a href="#">9A.2</a>
<a href="#">A902</a>	<a href="#">Commitment Confirmation</a>	<a href="#">9A.3</a>
<a href="#">A903</a>	<a href="#">Commitment Periods</a>	<a href="#">9A.3</a>
<a href="#">A904</a>	<a href="#">Failure to Deliver or Over-Deliver</a>	<a href="#">9A.4</a>
<a href="#">A905</a>	<a href="#">Extension and Buyout Fees</a>	<a href="#">9A.5</a>

---

## Chapter 9B Prior Underwriting Approval

<a href="#">B900</a>	<a href="#">Prior Underwriting Submission—Delivery Requirements</a>	<a href="#">9B.1</a>
<a href="#">B901</a>	<a href="#">Required Documents for Prior Underwriting</a>	<a href="#">9B.1</a>
<a href="#">B902</a>	<a href="#">Notification of Prior Underwriting Loan File Status</a>	<a href="#">9B.3</a>
<a href="#">B903</a>	<a href="#">Returning Loan Files</a>	<a href="#">9B.3</a>

## GMAC-RFC

<a href="#">B904</a>	<a href="#">Equal Credit Opportunity Act (ECOA) and Home Mortgage Disclosure Act (HMDA) Compliance</a>	<a href="#">9B.3</a>
<a href="#">B905</a>	<a href="#">Additional Delivery Documentation</a>	<a href="#">9B.3</a>

---

## Chapter 9C Delivery

<a href="#">C900</a>	<a href="#">Delivery Process</a>	<a href="#">9C.1</a>
<a href="#">C901</a>	<a href="#">Submission of Funding Documents</a>	<a href="#">9C.1</a>
<a href="#">C902</a>	<a href="#">Funding Documents</a>	<a href="#">9C.2</a>
<a href="#">C903</a>	<a href="#">Review and Acceptance of Funding Documents</a>	<a href="#">9C.8</a>
<a href="#">C904</a>	<a href="#">MERS Loan Registration, Transfer and Delivery Requirements</a>	<a href="#">9C.9</a>
<a href="#">C905</a>	<a href="#">Alternative Delivery</a>	<a href="#">9C.10</a>

---

## Chapter 9D Funding Requirements and Wire Instructions

<a href="#">D900</a>	<a href="#">Wire Transfer Process</a>	<a href="#">9D.1</a>
<a href="#">D901</a>	<a href="#">Funding Amount</a>	<a href="#">9D.1</a>
<a href="#">D902</a>	<a href="#">Notification of Wire Transfer</a>	<a href="#">9D.4</a>
<a href="#">D903</a>	<a href="#">Payoff Prior to Funding Date</a>	<a href="#">9D.5</a>
<a href="#">D904</a>	<a href="#">Loans Paid in Full</a>	<a href="#">9D.5</a>
<a href="#">D905</a>	<a href="#">Failure to Comply with GMAC-RFC Remittance Requirements</a>	<a href="#">9D.6</a>

---

## Chapter 9E Final Documents

<a href="#">E900</a>	<a href="#">Submission of Final Documents</a>	<a href="#">9E.1</a>
<a href="#">E901</a>	<a href="#">Review and Acceptance of Final Documents</a>	<a href="#">9E.2</a>
<a href="#">E902</a>	<a href="#">Further Assurance Documents</a>	<a href="#">9E.2</a>

---

## Chapter 10 Definitions

---

## Chapter 11 Forms & Exhibits

<a href="#">1100</a>	<a href="#">GMAC-RFC Forms &amp; Exhibits</a>	<a href="#">11.1</a>
----------------------	---	----------------------



# 2A

## GMAC-RFC

Page 2A.2

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

### A201

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#### Specific Representations, Warranties and Covenants Concerning Client

##### (A) Due Organization; Good Standing; Licensing

Client and, to Client's knowledge, Client's Guarantor, if applicable, is and shall continue to be duly organized, validly existing, and in good standing under the laws of the United States or under the laws of the jurisdiction in which it was incorporated or organized, as applicable, and has and shall continue to maintain all licenses, registrations, and certifications necessary to carry on its business as now being conducted, and is and will continue to be licensed, qualified, and in good standing in each State where a Mortgaged Property is located if the laws of such State require licensing or qualification in order to conduct business of the type conducted by Client<sup>1</sup>. Client is and will remain in compliance with the laws of any such State, and is and will remain in good standing with federal authorities, to the extent necessary to ensure the enforceability of the related Loan. Client has disclosed the final written reports, actions and/or sanctions of any and all reviews, investigation, examinations, audits, actions and/or sanctions that have been undertaken and/or imposed, within two years prior to the date of the Client Contract, by any federal or State agency or instrumentality with respect to either the lending or related financial operations of Client, or the ability of Client to perform in accordance with the Program Documents terms. Each of the representations and warranties made by Client in its Client Application is true, accurate, and complete, and is deemed to be remade in its entirety, as of the date of the Client Contract, and as of each Funding Date.

<sup>1</sup> In addition, if any Loan is secured by mortgaged property located in the State of West Virginia, Client and the originator of the Loan is licensed under the West Virginia Mortgage Loan Act and Client and the originator of the Loan held such license at the time the Loan was originated, unless otherwise exempt from licensing. Client and the originator of the Loan must be licensed under the West Virginia Mortgage Loan Act even if Client and the originator of the Loan makes or offers to make or accepts or offers to accept or purchases or services in a calendar year fewer than the number of de minimus primary or subordinate mortgage Loans specified in the definition of "lender" in W. Va. Code Section 31-17-1.

##### (B) Authority

Client has and will maintain the full corporate, partnership or limited liability company power and authority to execute and deliver the Program Documents and to perform the terms of this Client Guide. The execution, delivery, and performance of the Program Documents and the performance of the terms of this Client Guide by Client, and the consummation of the transactions contemplated, have been duly and validly authorized. The Program Documents and this Client Guide evidence Client's legal valid, binding, and enforceable obligations. All requisite corporate, partnership or limited liability company action has been taken by Client to make the Program Documents and the terms of this Client Guide valid and binding upon Client and enforceable in accordance with their respective terms.

##### (C) Ordinary Course of Business

The consummation of the transactions contemplated by the Program Documents and the Client Guide terms are in Client's ordinary course of business, and the transfer, assignment, and conveyance of the Mortgage Notes and the Mortgages by Client, pursuant to the Program Documents and the Client Guide terms are not subject to the bulk transfer laws or any similar statutory provisions in effect in any applicable jurisdiction.

## GMAC-RFC

### **(D) No Conflicts**

Neither the execution and delivery of the Program Documents, the acquisition and/or making of the Loans by Client, the sale of the Loans to GMAC-RFC or the transactions contemplated thereby or pursuant to this Client Guide, nor the fulfillment of or compliance with the Program Documents terms and conditions, will conflict with or result in a breach of any of the terms, conditions, or provisions of Client's articles of incorporation, charter, by-laws, partnership agreement, or other organizational document, or of any legal restriction or regulatory directive or any agreement or instrument to which Client is now a party or by which it is bound, or constitute a default or result in an acceleration under any of the foregoing, or result in the violation of any law, rule, regulation, order, judgment, or decree to which Client, or any of its property is subject, or impair the ability of GMAC-RFC to realize on any of the Loans, or impair the Value of any of the Loans.

### **(E) Ability to Perform**

Client has the ability to perform each and every obligation of and/or satisfy each and every requirement imposed on, Client pursuant to the Program Documents and this Client Guide, and no offset, counterclaim, or defense exists to the full performance by Client of the requirements of Program Documents and this Client Guide.

### **(F) No Litigation Pending**

There is no action, suit, proceeding, inquiry, review, audit, or investigation pending or threatened against Client that, either in any one instance or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties, or assets of Client, or in any material liability on the part of Client, or which would draw into question the validity or enforceability of any of the Program Documents, this Client Guide, or the Loans or of any action taken or to be taken in connection with Client's obligations contemplated in any of the Program Documents or this Client Guide, or which would be likely to impair materially Client's ability to perform under the terms of the Program Documents or this Client Guide.

### **(G) No Consent Required**

No consent, approval, authority, or order of any court or governmental agency or body is required for the execution and performance by Client of, or compliance by Client with, any of the Program Documents or this Client Guide, the sale of any of the Loans, or the consummation of any of the transactions contemplated by any of the Purchase Documents, or, if required, such unconditional approval has been obtained prior to the related [Funding Date](#).

### **(H) No Untrue Information**

Neither the Program Documents, the Client Application, this Client Guide, nor any statement, report, or other document furnished or to be furnished by Client pursuant to the Program Documents or this Client Guide, contains any untrue statement of material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Client meets GMAC-RFC's Eligibility Standards, and shall take all steps necessary to continue to meet such Eligibility Standards.

# 2A

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## GMAC-RFC

Page 2A.4

11/21/05

Client Guide

**Representations,  
Warranties and  
Covenants**

### **(I) Securities Law**

The Client represents that the Loans are not “securities” under any federal or State securities laws or any rules or regulations thereunder and that the transactions contemplated by this Client Guide do not require registration under, and are not subject to, any federal or State securities laws or any rules or regulations thereunder.

### **(J) No Accrued Liabilities**

Except as may be otherwise disclosed by Client to GMAC-RFC and acknowledged by GMAC-RFC in writing prior to the date of the Client Contract, there are no accrued liabilities of Client, with respect to any of the Loans, or circumstances under which any such accrued liabilities will arise against GMAC-RFC, as successor to Client's interests in and to the Loans, with respect to any action or failure to act by Client occurring on or prior to the [Funding Date](#).

### **(K) Origination, Servicing**

Client's origination and servicing of the Loans have been legal, proper, prudent, and customary and have conformed to the highest standards of the residential mortgage origination and servicing business.

### **(L) Compliance With Laws**

Client has complied with, and has not violated any law, ordinance, requirement, regulation, rule, or order applicable to its business or properties, the violation of which might adversely affect the operations or financial conditions of Client, or the ability of Client to consummate the transactions contemplated by the Program Documents and this Client Guide.

### **(M) Compliance With Program Documents and Client Guide**

Client will comply with all provisions of this Client Guide and the Program Documents, and will promptly notify GMAC-RFC of any occurrence, act, or omission regarding Client, the Loan, the Mortgaged Property or the Mortgagor of which Client has knowledge, which occurrence, act, or omission may materially affect Client, the Loan, the Mortgaged Property, or the Mortgagor.

### **(N) No Defenses Against GMAC-RFC**

The Client has no judgment, court order, claim, counterclaim, defense, right of set-off or similar right against GMAC-RFC.

## GMAC-RFC

### **A202**

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#### **Specific Representations, Warranties and Covenants Concerning Individual Loans**

For all Loans, the Client represents, warrants and covenants to GMAC-RFC as follows:

##### **(A) Loans Are Eligible; Accuracy of Information**

Each of the Loans delivered and sold to GMAC-RFC meets the applicable program terms and criteria set forth in this Client Guide. All information relating to each Loan delivered and sold to GMAC-RFC is true, complete and accurate and there are no omissions of material facts. All data provided by the Client to GMAC-RFC relating to any Loan, whether in electronic format, or otherwise, is true and complete and accurately reflects the information in the related Loan file.

##### **(B) Compliance With Warranties**

The Client is in compliance with, and has taken all necessary action to ensure that each Loan is in compliance with all representations, warranties and requirements contained in this Client Guide.

##### **(C) Loan Provisions**

The provisions of the Loan have not been impaired, waived, altered or modified in any respect, unless approved in writing by GMAC-RFC. The issuer of any related PMI Policy and the title insurer have approved the substance of any such waiver, alteration, or modification to the extent required by the respective policies. No Mortgagor has been released, in whole or in part.

##### **(D) Documents**

All [Loan Documents](#), [Funding Documents](#) and [Final Documents](#) are genuine, have been completed, duly and properly executed, are in recordable form and delivered in the form and manner specified in this Client Guide, and each Loan is the Mortgagor's legal, valid and binding obligation enforceable in accordance with its terms. All originals and copies of such documents and all other documents, materials, and other information required to be submitted to GMAC-RFC have been so submitted, and are complete and accurate. All Loan Documents, Funding Documents, Final Documents and all other documents describing or otherwise relating thereto are in compliance with all applicable local and State laws, regulations and orders.

# 2A

## GMAC-RFC

Page 2A.6

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

### (E) Ownership; Transfer

The Client has good title to and is the sole owner of, each Loan delivered and sold to GMAC-RFC. Except for the security interest of a warehouse lender, which security interest Client has disclosed to GMAC-RFC in writing, the assignment of the Loan by the Client validly transfers such Loan to GMAC-RFC free and clear of any pledge, lien or security interest or other encumbrance.

For each Loan registered with MERS, the Client represents that (a) if the Security Instrument relating to such Loan identifies MERS as the original mortgagee of record, such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns and that such Security Instrument has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest on the Mortgaged Premises in favor of MERS, solely as nominee for the Client and its successors and assigns; or (b) if the Loan is registered with MERS, and MERS is not the original mortgagee of record, an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS. Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that the Client has confirmed the transfer on MERS to GMAC-RFC.

### (F) Disbursements; No Payoffs or Future Advancements

Each Loan has been closed and fully disbursed, except as permitted in the Escrow Account for Postponed Improvements/ Repairs Section of this Client Guide. There are no payoffs, assumptions or insurance claims pending on any Loan or pertaining to the Mortgaged Premises and the Borrower may not exercise any option under any of the Loan Documents to borrow additional funds secured thereby from the Client or any other person or entity without the Noteholder's consent.

Additionally, the Client warrants that the Client has not made arrangements with any Borrower for any payment forbearance or future refinancing with respect to any Loan.

### (G) No Default

There is no default, breach, violation or event of acceleration existing under any Note or Security Instrument transferred to GMAC-RFC, and no event exists which, with notice and the expiration of any grace or cure period, would constitute a default, breach, violation or event of acceleration, and no such default, breach, violation or event of acceleration has been waived by the Client or by any other entity involved in originating or servicing the Loan.

### (H) No Defenses

Except as provided in a buydown or subsidy agreement, if any, meeting the requirements set forth in this Client Guide, the Borrower (including any party secondarily liable under the Loan Documents) has no right of set-off, defense, counterclaim or right of rescission to any Loan Document.

## GMAC-RFC

### **(I) Compliance with Law**

The sale and transfer of each Loan to GMAC-RFC does not violate any applicable State laws. To the extent that any applicable State law places any restrictions on the transfer of any Loan, the Client has notified GMAC-RFC in writing of that restriction and any related State licensing or registration requirements.

The [Security Instrument](#) has been properly executed, acknowledged, delivered and recorded in all places necessary to perfect the security interest in the [Mortgaged Premises](#) in favor of the Client and its successors and assigns. If a Loan is registered with [MERS](#), and MERS is identified on the Security Instrument as the original mortgagee of record, Client represents that such Security Instrument provides that the Security Instrument is given to MERS solely as nominee for the Client and its successors and assigns. If the Loan is registered with MERS, and MERS is not the original mortgagee of record, Client represents that an assignment to MERS has been prepared, duly executed and recorded and the chain of assignments is complete and recorded from the original mortgagee to MERS and Client further represents that it has complied with all rules and procedures of MERS for its assignment of the Security Instrument to GMAC-RFC, including, among other things, that Client has confirmed the transfer on MERS to GMAC-RFC.

Each GMAC-RFC Loan Application ([Fannie Mae](#) 1003/[Freddie Mac](#) Form 65) was taken from the Borrower and processed for each Loan, and each Loan has been originated, closed, and transferred in compliance with all applicable local, State and federal laws and regulations including, but not limited to, the Real Estate Settlement Procedures Act, the Fair Credit Reporting Act, the Equal Credit Opportunity Act, the Truth-in-Lending Act, the Fair Housing Act, and the National Flood Insurance Act. This warranty is made by the Client with respect to each GMAC-RFC Loan Application taken and processed for each Loan and with respect to each Loan made by the Client or any other entity.

### **(J) Responsible Lending Representations, Warranties and Covenants**

#### **(1) Discontinued Loan**

No Loan is a "Discontinued Loan". Discontinued Loan means any of the following, regardless of whether the originator is required by law to comply with the law or has grounds to claim preemption from all or part of the law.

##### **(a) HOEPA/ Section 32**

A loan considered a "mortgage" under Section 152 of the Home Ownership and Equity Protection Act of 1994, 15 U.S.C. Section 1602 (aa) and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations, and the official staff commentary to those regulations.

##### **(b) Purchase Money Loans with High Points or Fees**

A "purchase money" loan secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. A "purchase money" loan is a loan that is considered a "residential mortgage transaction" under Section 226.2(24) of Title 12 of the Code of Federal Regulations.

2A

Page 2A.8

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(c) Home Equity Lines and 1st Lien Lines of Credit That Exceed the HOEPA Triggers**

An open-end line of credit secured by the consumer's principal dwelling that exceeds the "points and fees" or APR triggers of the Home Ownership and Equity Protection Act of 1994 and the related regulations and commentary promulgated by the Federal Reserve Board, including Section 226.32 of Title 12 of the Code of Federal Regulations. "Points and fees" must be calculated in accordance with Section 226.32 of Title 12 of the Code of Regulations and the related commentary promulgated by the Federal Reserve Board. The "APR" is the fully indexed rate or the initial rate, whichever is greater, at the time of consummation. The "total loan amount" is the total credit line available under the terms of the loan, without subtracting any amounts for closing costs.

### **(d) State and Local High Cost Loans**

A loan considered a "high-cost," covered, "high-risk," "predatory" or any other similar designation under any State or local law in effect at the time of the closing of the loan if the law imposes greater restrictions or additional legal liability for residential mortgage loans with high interest rates, points and/or fees.

### **(e) Certain Georgia Home Loans**

A "home loan" under the Georgia Fair Lending Act, Ga. Code Ann. Section 7-6A-1 et. seq. that became effective on October 1, 2002 (the "Act"), if the Commitment was issued on or after February 1, 2003 and the loan was closed on or before March 7, 2003.

### **(f) Certain New Jersey Home Loans**

A "home loan" under the New Jersey Home Ownership Security Act of 2002 (the "Act"), N.J.S.A. 46:10B-22 et seq. if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.

### **(g) Certain New Mexico Home Loans**

A "home loan" under the New Mexico Home loan Protection Act (the "Act"), that was closed on or after February 1, 2004, and on or before February 26, 2004, if the loan is:

- A "home loan" if the property is a "[Manufactured Home](#)";
- A "home loan" with proceeds intended for home improvement purposes;
- A "home loan" that is an open-end line of credit;
- A closed-end "home loan" secured by a first or second lien that is a cash-out transaction;

Follow standard guidelines in the GMAC-RFC Client Guide to determine whether the loan is a cash-out refinance or a rate/term refinance.



## GMAC-RFC

### (2) Mandatory Arbitration Clause

A Loan may not include a mandatory arbitration clause. Any arbitration agreement signed by the Borrower prior to the time of a dispute is prohibited.

### (3) Prohibited Terms and Practices on all Loans sold to GMAC-RFC

A Loan may not violate any of the following prohibited terms and practices:

- (a) **Pre-paid insurance products.** No Loan finances single premium credit life, credit disability, credit unemployment, or any other pre-paid life or health insurance, directly or indirectly.
- (b) **Prepayment penalties.** A Loan may not provide for a penalty for paying all or part of the principal before the date on which the principal is due except as set forth in this paragraph and otherwise allowed by applicable federal, State, and local law.
  - The penalty may be enforced for only the first five years following consummation;
  - The penalty does not exceed 6 months of interest on the amount prepaid or 6% of the amount prepaid; and
  - The **Prepayment** penalty does not become due upon default
- (c) **Reporting to credit bureaus.** Client or its **Servicer** must report to a nationally recognized consumer credit reporting agency at least quarterly the favorable and unfavorable payment history information of Borrower on payments due to Client on a Loan for the period during which Client holds or services the Loan. This paragraph shall not prevent Client or its Servicer from not reporting specific payment history information in the event of a resolved or unresolved dispute with Borrower and shall not apply to Loans held or serviced by Client for less than 90 days.
- (d) **Increased interest rate upon default.** A Loan may not provide for an increase in the interest rate after default.

### (K) Title Insurance

A policy of title insurance, in the form and amount required by this Client Guide, is effective as of the day the **Security Instrument** is recorded, is valid and binding, is in conformance with all agency guidelines and remains in full force and effect, unless the **Mortgaged Premises** are located in the State of Iowa and a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority has been provided as described in Title Guaranty Certificate In Iowa below.

### (L) Title Guaranty Certificate In Iowa

As to each Loan secured by Mortgaged Premises located in the State of Iowa, and if an American Land Title Association (**ALTA**) Loan policy of title insurance has not been provided, a Title Guaranty Certificate issued by the Iowa Title Guaranty Division of the Iowa Finance Authority, in the form and amount required by this Client Guide, duly delivered and effective as of the closing of each such Loan, is valid and binding, and remains in full force and effect.



2A

Page 2A.10

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(M) Valid First Liens**

Each [Security Instrument](#) transferred to GMAC-RFC, unless provided for otherwise in a given [Loan Program](#), constitutes a valid first lien on the [Mortgaged Premises](#) subject only to the minor impediments described in the [Title Insurance](#) Section of this Chapter, and such impediments do not adversely affect the Value, use, enjoyment or marketability of the Mortgaged Premises. Each Security Instrument and all related documents (including, without limitation, releases of prior Security Instruments, assumption agreements, assignments, amendments, powers of attorney, and modification, extension and consolidation agreements) that are required to be recorded or filed under applicable law in order to preserve in favor of GMAC-RFC the validity and enforceability of the Security Instrument and the liens created thereby, have been duly recorded in all appropriate recording offices, and all associated recording fees or taxes must be paid.

### **(N) No Encroachments By Adjoining Properties; Improvements**

No improvements by adjoining properties encroach upon the Mortgaged Premises in any respect so as to affect the Value or marketability of the Mortgaged Premises. No improvement located on or being part of the Mortgaged Property is in violation of any applicable zoning law or regulation.

### **(O) Survey**

All improvements which were considered in determining the appraised Value of the [Mortgaged Premises](#) lie wholly within its boundaries and the building restriction lines of the Mortgaged Premises, or the policy of title insurance insures against loss or damage by reason of any violation, variation, encroachment or adverse circumstance that either is disclosed or would have been disclosed by an accurate survey.

### **(P) No Liens**

There are no delinquent tax or delinquent assessment liens against the Mortgaged Premises, and there are no mechanic's liens or claims for work, labor or material or any other liens affecting the Mortgaged Premises, which are or may be a lien prior to, or equal with, the lien of the [Security Instrument](#) assigned to GMAC-RFC, except those liens that are insured against by the policy of title insurance or Title Guaranty Certificate issued by the Iowa Title Guaranty Division.

### **(Q) No Adverse Circumstances**

The Mortgaged Premises are free of damage and in good repair, and no notice of condemnation has been given with respect thereto, and no circumstances exist involving the [Loan Documents](#), the [Mortgaged Premises](#) or the Borrower's credit standing that could: (i) cause private institutional investors to regard the Loan as an unacceptable investment, (ii) cause the Loan to become delinquent, or (iii) adversely affect the Value or marketability of the Mortgaged Premises or the Loan. The Client warrants that it neither has actual knowledge of the presence of, nor reasonable grounds to suspect the presence of, any toxic materials or other environmental hazards on, in or that could affect any of the Mortgaged Premises. The Client warrants compliance with local, State or federal law or regulation designed to protect the health and safety of the occupants of the property.

## GMAC-RFC

2A

Page 2A.11

11/21/05

Client Guide

**Representations,  
Warranties and  
Covenants**

### **(R) Casualty Insurance**

The improvements upon the [Mortgaged Premises](#) are insured against loss by fire and other hazards as required by this Client Guide, including flood insurance if required under the National Flood Insurance Act of 1968, as amended. The [Security Instrument](#) requires the Borrower to maintain such casualty insurance at the Borrower's expense, or on the Borrower's failure to do so, authorizes the holder of the Security Instrument to obtain and maintain such insurance at the Borrower's expense and to seek reimbursement from the Borrower. Each casualty policy is the insurer's valid and binding obligation, is in full force and effect, and will be in full force and effect, to GMAC-RFC's benefit upon the consummation of the transactions contemplated by the Program Documents and this Client Guide. The Loan terms permit the maintenance of an escrow account to pay the Premiums for the above mentioned insurance, and the Client has not waived the requirement of such escrow account unless permitted by GMAC-RFC or required by applicable law.

### **(S) Primary Mortgage Insurance**

If required by this Client Guide, primary mortgage insurance has been obtained, the Premium has been paid, and the mortgage insurance coverage is in full force and effect meeting the requirements of this Client Guide.

### **(T) Underwriting; Appraisal; Appraiser**

The Loan is of investment quality, has been prudently originated and has been underwritten in compliance with all requirements of this Client Guide.

For each Loan for which an appraisal is required or obtained under this Client Guide, the appraisal was made by an appraiser who meets the minimum qualifications for appraisers as specified in this Client Guide. For each Loan, as of the [Funding Date](#), the market Value of the [Mortgaged Premises](#) is at least equal to the appraised Value stated on the Loan appraisal, or if an [Automated Valuation Model \(AVM\)](#) is permitted, the Value on the AVM, except to the extent that the market Value of the Mortgaged Premises is lower than the appraised or AVM Value due to the effect of any toxic materials or other environmental hazards of which neither the appraiser nor the Client has actual knowledge or reasonable grounds to suspect.

2A

Page 2A.12

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(U) Enforceability; Enforcement Provisions**

Each Note and [Security Instrument](#) constitutes a legal, valid and binding obligation of the Borrower enforceable in accordance with its terms except as limited by bankruptcy, insolvency or other similar laws affecting generally the enforcement of creditors' rights.

Each Security Instrument contains customary and enforceable provisions which render the rights and remedies of the holder adequate to realize the benefits of the security against the [Mortgaged Premises](#), including: (i) in the case of a Security Instrument designated as a deed of trust, by trustee's sale, (ii) by summary foreclosure, if available under applicable law; and (iii) otherwise by foreclosure, and there are no homestead or other exemptions or dower, courtesy or other rights or interests available to the Borrower or the Borrower's spouse, survivors or estate or any other person or entity that would, or could, interfere with such right to sell at a trustee's sale or to foreclose. The Security Instrument and any riders to the Security Instrument must be signed by any person with an actual or potential interest in the property. Title holders have an actual interest in the property and must sign the Security Instrument and riders. Non-Borrowing spouses who are not in title may have an actual or potential interest in the property under State law and may be required to sign the Security Instrument and rider in some States in order for the holder of the Security Instrument to obtain, protect and enforce its lien. The Client will obtain the signature of the non-Borrowing spouse on the Security Instrument and riders or other documentation, as allowed by law, if such signature is necessary to protect the interest of the holder of the Security Instrument.

### **(V) Holder-In-Due-Course**

The Client is the owner and holder-in-due-course of each Note and is named as mortgagee/beneficiary or assignee under each [Security Instrument](#), and all [Loan Documents](#) requiring execution have been appropriately executed, witnessed or notarized by the persons whose names appear as signatories and witnesses, or, as appropriate, notaries who constitute the valid and binding legal obligation of the Borrower, enforceable in accordance with their respective terms. Notwithstanding the foregoing, with respect to adjustable-rate mortgage Loans (ARMs), the Client represents and warrants that there are no claims to the Note on the part of any person or defenses of any party to the Note other than those that validly could be raised against a holder-in-due-course.

### **(W) Trustee Designated**

With respect to each [Security Instrument](#) that is a deed of trust, a trustee duly qualified under applicable law to serve as such is properly named, designated and serving.

### **(X) No Fees Due Trustee**

Except in connection with a trustee's sale after default by the Borrower, no fees or expenses are payable by the Client or GMAC-RFC to the trustee under any Security Instrument that is a deed of trust.

### **(Y) Execution of Documents**

All agreements, contracts, assignments, endorsements and issuances of checks or drafts, reports, [Loan Documents](#) or other papers related to a Loan that are required by this Client Guide to be executed by the Client have been properly executed by an officer on behalf of the Client pursuant to a duly adopted Resolution of Board of Directors.

## GMAC-RFC

### **(Z) Leaseholds**

Where permitted by the applicable [Loan Program](#), each Mortgaged Premises involving a [Leasehold](#) estate complies with the applicable Leasehold warranties set forth in this Client Guide.

### **(AA) Condominiums; [Planned Unit Developments](#) (PUDs)**

Each [Mortgaged Premises](#) that is a unit in a condominium or PUD complies with the applicable condominium or PUD warranties set forth in this Client Guide.

### **(BB) Compliance By Others**

When a person or entity: (i) originates a Loan on behalf of a Client, (ii) originates a Loan on its own behalf and sells it to a Client, or (iii) performs any act for a Client which the Client is required to perform under this Client Guide, the Client warrants that such person or entity has complied with all requirements of this Client Guide with respect to all such Loans and acts.

### **(CC) Client Contract Warranties**

The representations and warranties made at the time of the Client's execution of the Client Contract must remain true, correct and complete.

### **(DD) Client and Originators**

Each Jumbo A, Expanded Criteria or Payment Option Loan was originated by (i) a savings and loan association, savings bank, commercial bank, credit union, insurance company or similar banking institution which is supervised by a federal or State authority, or (ii) a HUD approved non-supervised or correspondent mortgagee.

If the Client sells Loans to GMAC-RFC which are registered with [MERS](#) or as to which MERS is the mortgagee on the [Security Instrument](#), the Client is a member of MERS, in good standing and current in payment of all fees and assessments imposed by MERS.

### **(EE) No Impairment of Insurance**

No action, error, omission, misrepresentation, negligence, fraud or similar occurrence in respect of a Loan has taken place on the part of any person, including, without limitation, the Borrower, any appraiser, any builder or developer or any party involved in the origination of the Loan or in the application of any insurance in relation to such Loan that might result in a denial, contesting, failure or impairment of full and timely coverage under any insurance policies required to be obtained or any pool insurance policy covering such Loan.

### **(FF) Temporary Buydowns**

Where permitted by the applicable [Loan Program](#), each [Temporary Buydown](#) Loan delivered to GMAC-RFC was entered into pursuant to a buydown agreement which complies with the [Temporary Buydowns](#) Section in [Chapter 3C](#), Financing, of this Client Guide.

### **(GG) Primary Mortgage Insurance Cancellation**

The Client has disclosed in writing to the Borrower the terms and conditions that must be met prior to the primary mortgage insurance being eligible for cancellation. A copy of this disclosure has been retained in the Loan file as a permanent record.

2A

Page 2A.14

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### **(HH) No Deficiency In Escrow Deposits or Payments**

The Loan has been serviced by the Client and any predecessor [Servicer](#) in accordance with the terms of the mortgage Note and all applicable law. With respect to escrow deposits and escrow payments, if any, all such payments are in the possession of, or under the control of, the Client, and there exists no deficiency in connection therewith for which customary arrangements for repayment thereof have not been made. No escrow deposits, escrow payments or other charges or payments due the Client have been capitalized under any mortgage or related mortgage Note.

### **(II) Loan Securitization**

The Client recognizes that it is GMAC-RFC's intent to securitize some or all of the Loans sold to GMAC-RFC by the Client. The Client agrees to provide GMAC-RFC with all such information concerning the Client generally and, if applicable, the Client's servicing experience, as may be reasonably requested by GMAC-RFC for inclusion in a prospectus or private placement memorandum published in connection with such securitization.

In addition, the Client will cooperate in a similar manner with GMAC-RFC in connection with any whole Loan sale or other disposition of any Loan sold to GMAC-RFC by the Client. The Client agrees to indemnify and hold GMAC-RFC harmless from and against any loss, damage, penalty, fine, forfeiture, court cost, reasonable attorneys' fees, judgment, cost, fee, expense or liability incurred by GMAC-RFC as a result of any material misstatement in or omission from any information provided by the Client to GMAC-RFC; or from any claim, demand, defense or assertion against or involving GMAC-RFC based on or grounded upon, or resulting from such misstatement or omission or a breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon such misstatement or omission.

The Client further agrees to cooperate fully with GMAC-RFC, rating agencies, attorneys, bond insurers, purchasers of Loans or any other parties that may be involved in the sale or securitization of any Loan, including, without limitation, all cooperation as may be necessary in order to accommodate due diligence activity.

### **(JJ) Non-Solicitation**

The Client has not solicited or provided information to another party for the purpose of soliciting, and covenants and agrees that it will not solicit or provide information to another party for the purpose of soliciting, the refinance of any Loan. The term "solicit" as used herein shall mean a direct request or offer to refinance a servicing released Loan, and shall not include general solicitations, advertisements or promotions directed to the public at large.

### **(KK) No Fraud or Misrepresentation**

No fraud or misrepresentation by the Borrower or by the Client, broker, correspondent, appraiser or any independent contractor retained by the Client, broker, correspondent, appraiser or any employee of any of the foregoing occurred with respect to or in connection with the origination or underwriting of any Loan and all information and documents provided to GMAC-RFC in connection with the Loan are complete and accurate.

### **(LL) Exclusionary List**

No party involved in the origination of a Loan (e.g., originator, broker, title company, appraiser, etc.) was on the [Exclusionary List](#) on the date the Loan was originated as determined by the date of the promissory Note for that particular Loan.

## GMAC-RFC

### **A206**

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#### **Integrity of Information**

The Client is responsible for credit and property underwriting regardless of whether the information was provided by the Client, an entity related to the Client or designated by the Client to perform the function. This includes credit information, appraisals, or other documents/information used in the Loan's evaluation.

The Client should take all steps necessary to ensure that each Loan sold to GMAC-RFC has been prudently originated and underwritten, and that all information supplied by, on behalf of, or concerning the Borrower is true, accurate and complete. The Client should ensure that interested parties are sufficiently independent from the Loan transaction and that adequate organizational controls are in place to ensure the independence, validity and reliability of the Loan information.

In addition, the Client should implement prudent practices when relying on designated agents (such as escrow companies, title companies, etc.) in order to ensure that they comply with its instructions and that the integrity of the Loan transaction has been maintained.

### **A207**

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#### **Third-Party Originators**

When relying on the actions or services of third-party originators, the Client should establish qualification and eligibility standards. The Client should consider the functions being performed by the third-party originator in establishing these standards. These standards should be reviewed periodically to ensure ongoing eligibility by the third-party originator.

The Client is encouraged to include the following items in formulating its qualification and eligibility standards and procedures:

- (1) Review personnel resumes and references of management and Loan origination staff (Loan officers, processors, underwriters, closers, etc.)
- (2) Establish minimum net worth requirements and evaluate the financial viability of the firm on an ongoing basis
- (3) Establish minimum requirements for errors and omissions insurance and fidelity bond coverage and monitor ongoing compliance with these standards
- (4) Document the relationship with a contractual agreement that contains specific warranties related to each party's responsibilities, as well as recourse rights in the event of warranty violations
- (5) Review the performance of Loans originated by third parties to evaluate trends or patterns of [Delinquency](#)

The Client should include a representative, random sample of third-party Loans in the quality control program through both pre- and post-closing quality control audits to ensure the quality of Loan information.

2A

Page 2A.20

12/01/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

### A208

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#### Events of Default

Any one or more of the following events constitute an [Event of Default](#):

- (1) The Client has not complied with one or more of the requirements (including any requirement outlined in Chapter 2, Client Eligibility) terms or conditions outlined in this Client Guide or one of the disqualification, suspension or inactivation events set forth in the [Disqualification Suspension or Inactivation](#) Section has occurred or occurs.
- (2) The Client has breached any agreement outlined or incorporated by reference in the Client Contract or any other agreement between the Client and GMAC-RFC.
- (3) The Client breaches any of the representations, warranties or covenants set forth in this Client Guide, fails to perform its obligations under this Client Guide or the Program Documents, makes one or more misleading representations, warranties or covenants to GMAC-RFC, or has failed to provide GMAC-RFC with information in a timely manner, including information required under Regulation AB or any successor regulation, that is true, complete and accurate.
- (4) The Borrower or any other person or entity involved in the Loan transaction or in its underwriting or documentation (including any appraiser, broker, third-party originator, credit reporting agency, or other provider of underwriting information) has made any false representation and/or has failed to provide information that is true, complete and accurate in connection with such transaction, whether or not the Client was a party to or had knowledge of such misrepresentation or incorrect information.
- (5) Occurrence of an Event of [Servicer](#) Default with respect to any Loans serviced by the Client.
- (6) Termination of servicing for cause is a basis for the Client's immediate disqualification or suspension. Action taken by GMAC-RFC to terminate servicing may be merged with an action to disqualify, suspend or inactivate the Client.

### A209

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#### Remedies of GMAC-RFC

##### (A) Non-Exclusive, Cumulative Remedies

GMAC-RFC may exercise any remedy outlined in this Client Guide or as allowed by law or in equity. GMAC-RFC's exercise of one or more remedies in connection with a particular [Event of Default](#) will not prevent it from exercising:

- One or more other remedies in connection with the same Event of Default
- Any other rights which it may have at law or in equity



## GMAC-RFC

### **(B) Waiver of Defaults**

GMAC-RFC may waive any default by Client in the performance of Client's obligations hereunder and its consequences, but only by a written waiver specifying the nature and terms of such waiver. No such waiver shall extend to any subsequent or other default or impair any right consequent thereto, nor shall any delay by GMAC-RFC in exercising, or failure to exercise, any right arising from such default affect or impair GMAC-RFC's rights as to such default or any subsequent default.

### **(C) Survival of Remedies**

GMAC-RFC's remedies for breach of the representations, warranties and covenants shall survive the sale and delivery of the Loan to GMAC-RFC and funding of the related purchase price by GMAC-RFC, and will continue in full force and effect for the remaining life of the Loans, notwithstanding any termination of this Client Guide and the related [Funding Documents](#), or any restrictive or qualified endorsement on any mortgage Note or assignment of mortgage or Loan approval or other examination of or failure to examine any related mortgage Loan file by GMAC-RFC.

## **A210**

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### **Repurchase**

#### **(A) Repurchase Obligations**

If GMAC-RFC determines that an [Event of Default](#) has occurred with respect to a specific Loan, the Client agrees to repurchase the Loan and its servicing (if the Loan was sold servicing released) within 30 days of receiving a repurchase letter or other written notification from GMAC-RFC.

If the Client discovers an Event of Default, it should give GMAC-RFC prompt written notice. Such notice should include a written description of the Event of Default. Upon receipt of this notice, GMAC-RFC will review these materials and any additional information or documentation that the Client believes may influence GMAC-RFC's decision to require repurchase. If GMAC-RFC decides to require repurchase, the Client shall repurchase the Loan and the servicing (if the Loan was sold servicing released) within 30 days after GMAC-RFC's decision is communicated to Client in writing.

To expedite the wiring of funds to GMAC-RFC, the Client should complete the servicing transfer instruction form provided by GMAC-RFC. GMAC-RFC will send the form to the Client along with the notification of repurchase.

GMAC-RFC is not required to demand repurchase within any particular period of time, and may elect not to require immediate repurchase. However, any delay in making this demand does not constitute a waiver by GMAC-RFC of any of its rights or remedies.

Where GMAC-RFC determines that repurchase of a Loan and/or the servicing is not appropriate, the Client shall pay GMAC-RFC all losses, costs and expenses incurred by GMAC-RFC and/or the Loan's [Servicer](#) as a result of an [Event of Default](#). This includes all reasonable attorneys' fees and other costs and expenses incurred in connection with enforcement efforts undertaken.



2A

Page 2A.22

GMAC-RFC

06/26/

Client Guide

Representations,  
Warranties and  
Covenants

Upon the Client's satisfaction of its repurchase obligation, GMAC-RFC will endorse the Note evidencing the Loan in blank and will deliver it and other pertinent [Loan Documents](#) to the Client. If GMAC-RFC acquired title to any of the real property securing the Loan pursuant to a foreclosure sale and has not disposed of such property, it will transfer such property to the Client on a "quit claim" basis or, if required by State law, a "warranty deed" basis. However, if GMAC-RFC has disposed of the real property securing the Loan, the Loan Documents will not be returned to the Client unless requested.

If the Client is also the [Servicer](#) of a Loan repurchased by reason of the occurrence of an Event of Default, GMAC-RFC will not reimburse the Client for any principal, interest or other advances made by the Client with respect to that Loan.

If, for any particular Loan, Client has complied with its property valuation documentation requirements (as described under Specific Representations, Warranties and Covenants Concerning Individual Loans in the [Underwriting; Appraisal; Appraiser](#) Section) by providing a GMAC-RFC Qualified AVM in lieu of an appraisal, where the [Loan Program](#) terms permit the use of a [Qualified AVM](#) as the sole documentation of property valuation underlying such Loan, and provided a Qualified AVM was obtained by Client in good faith directly from Qualified AVM Vendors (See GMAC-RFC [Exhibit 16G05](#), Automated Valuation Model (AVM) Approved Vendors) and has been submitted to GMAC-RFC in its original, unaltered form as issued by the Qualified AVM Vendor; or, alternatively, if GMAC-RFC has waived an appraisal and indicated such waiver in its Assetwise<sup>SM</sup> messaging (an [Appraisal Waiver](#)), then, if an [Event of Default](#) related to such Loan arises solely out of the validity and accuracy of the property valuation amount stated in the Qualified AVM, or otherwise related to the property valuation amount with respect to a loan where GMAC-RFC has granted an Appraisal Waiver, but provided that in all other aspects the Loan was eligible for purchase by GMAC-RFC at the time it was submitted for purchase by Client, GMAC-RFC will not exercise its right to demand repurchase for such particular Loan by reason of such particular Event of Default. However, in the case of either a [Qualified AVM](#) or an Appraisal Waiver, GMAC-RFC may continue to exercise its right to demand repurchase if GMAC-RFC reasonably believes that Client or any third party originator obtained a Qualified AVM or allowed GMAC-RFC to rely on an [Appraisal Waiver](#) in bad faith, such as by using a Qualified AVM where Client or the third party originator had reason to know that the mortgaged property was materially different than that described in the Qualified AVM or that the description in the Qualified AVM should not be considered reliable at the time the Loan was sold to GMAC-RFC, or where the Client or third party originator has reason to know that the mortgaged property was materially damaged.

#### **(B) Repurchase Price of First Mortgage Programs**

In the event the Client is obligated to repurchase a Loan the Client must pay to GMAC-RFC a repurchase price equal to the sum of:

- The actual principal balance of the Loan at the time of repurchase (if the Client sold the Loan to GMAC-RFC at a discount or a Premium, the repurchase price above will be adjusted to reflect the actual principal balance minus the discount percentage multiplied by the actual principal balance, or plus the Premium percentage multiplied by the actual principal balance, as appropriate, including that price paid for [Servicing Rights](#)), plus
- All accrued and unpaid interest on the Loan through the last day of the month of the date of repurchase; plus

## GMAC-RFC

- All interest, principal and other advances made to investors and all out of pocket costs and expenses of any kind incurred by GMAC-RFC and/or the primary Servicer in connection with the Loan, including, but not limited to, advances for taxes or insurance, and repair, foreclosure and insurance costs and reasonable attorneys' fees; plus
- The amount of the Buyout Fee as calculated in the Extension and Buyout Fees Section of Chapter 9A, Commitments; plus
- In the event that GMAC-RFC or any of its Affiliates is required to repurchase the Loan from any subsequent assignee, then any additional amount as may be required to make the repurchase price that the Client is obligated to pay hereunder equal to the repurchase price that GMAC-RFC or its Affiliate is required to pay to such subsequent assignee; minus
- The net amount of any proceeds realized by the owner of the Loan upon the final liquidation of the Loan or the Mortgaged Premises to an unrelated third party.

The Designated Servicer will return to the Client any escrow funds, unapplied funds and prepaid principal and interest installments.

GMAC-RFC may demand that a Client repurchase, and Client must repurchase, a Loan after foreclosure even if the full amount of its outstanding debt was bid on by or on behalf of the Loan's owner to acquire the Mortgaged Premises at the foreclosure sale. In the event the Client is obligated to repurchase a Loan after foreclosure, the repurchase price shall be calculated using the formula above, however Scheduled Principal Balance shall be substituted for the actual principal balance.

### (C) Repurchase Price of Home Equity Program

In the event the Client is obligated to repurchase a Home Equity Loan, the Client must, upon repurchase, service such Home Equity Loan. The repurchase price for such Home Equity Loan shall be equal to the sum of:

- The unpaid principal balance of the Home Equity Loan
- All accrued and unpaid interest on the Home Equity Loan
- The amount of all fees and/or purchase Premium paid, if any, to the Client by GMAC-RFC for origination of the Home Equity Loan
- All fees paid to any Servicer or sub-servicer of a Home Equity Loan by reason of the termination of that Servicer's or Sub-Servicer's right to service that Home Equity Loan
- All costs incurred or paid by GMAC-RFC or any Servicer in collecting or enforcing the Home Equity Loan, including, without limitation, interest or other costs paid to bring or maintain a prior lien current or up to date, costs to insure or pay delinquent taxes, attorneys' fees, court costs, appraisal and title expenses and other similar costs or expenses (collectively, "Foreclosure Expenses")
- Any additional amount GMAC-RFC or any of its Affiliates is required to pay to repurchase the Home Equity Loan from a subsequent assignee

In lieu of repurchasing a Home Equity Loan that has not yet been foreclosed and accepting the servicing of such Home Equity Loan, GMAC-RFC may in its sole discretion allow Client to pay to GMAC-RFC the Estimated Loss (as defined below). Estimated Loss, as it relates to each Home Equity Loan subject to repurchase, shall equal the product of:

120% multiplied by the result of:

2A

Page 2A.24

11/21/05

Client Guide

Representations,  
Warranties and  
Covenants

## GMAC-RFC

- Repurchase price as calculated above, plus
- Accrued interest on the Home Equity Loan through the date GMAC-RFC estimates that the Home Equity Loan will be fully liquidated (which in the case of a foreclosure, shall mean the date that GMAC-RFC estimates that the [Mortgaged Premises](#) will be sold to a third party and which in any other case means the date that GMAC-RFC estimates that all collection efforts on the Home Equity Loan will be abandoned) and estimated foreclosure and other enforcement expenses for the entire collection process, less
- Amount by which the current market Value of the Mortgaged Premises as determined by GMAC-RFC using valuation services provided by an independent third party exceeds the current outstanding amount of indebtedness secured by the Mortgaged Premises that is senior to the Home Equity Loan.

### (D) Repurchase Price of a Servicing Released Loan

In the event the Client repurchases a Loan for which the servicing has also been sold to GMAC-RFC, the Client will also be required to repurchase the servicing. If the repurchase of the servicing of the Loan is for any reason other than a breach of the [Delinquency Payoff/Liquidation](#) warranty contained in the Servicing Released [Chapter 8](#), the Client must pay to GMAC-RFC a repurchase price equal to the original [Servicing Released Premium \(SRP\)](#) percentage multiplied by the actual unpaid principal balance at the time of repurchase.

In no event however, will the required repurchase Servicing Released Premium be greater than the original Servicing Released Premium paid to the Client.

The [Designated Servicer](#) will return to the Client any escrow funds, [Temporary Buydown](#) funds, unapplied funds and prepaid principal and interest installments. The Client will be required to reimburse the Designated Servicer for any delinquent principal and interest advances, and any escrow advances and foreclosure expenses they have made and not recovered on a repurchased Loan.

### (E) Repurchase As a Result of Conversion

The Client (or, if the Client has transferred servicing of the Loans, the [Servicer](#)) shall repurchase a Loan which has converted from an ARM to a fixed-rate mortgage. The Servicer must submit the ARM Conversion Notification Report no less than 15 days prior to the conversion date.

If the Client or Servicer repurchases a converted Loan and subsequently resells that converted Loan to GMAC-RFC, all the Client's representations and warranties with respect to that Loan shall survive such repurchase and resale. In addition, the Client shall be subject to all rights and remedies (including repurchase) available to GMAC-RFC as a result of any misrepresentation or breach of warranty with respect to that Loan prior to conversion.

The Client shall also submit the modification agreement if requested by GMAC-RFC or its assigns.

After its receipt of the Loan funds, GMAC-RFC will endorse the Note to the party which repurchased the Loan. The Loan will then be assigned to such party, and all credit documentation will be returned. Failure to submit the ARM Conversion Notification Report in a timely manner may delay the receipt of the endorsed Note and other [Legal Documents](#).

The [Servicer](#) shall submit a Payoff/Liquidation Report and wire transfer Loan funds to the GMAC-RFC [Loan Accounting Department](#) no later than the last [Business Day](#) prior to the conversion date. The Servicer must remit interest for the entire month preceding the conversion date. The Client shall attach a copy of the ARM Conversion Notification Report.

## GMAC-RFC

2A

Page 2A.25  
11/21/05  
Client Guide  
**Representations,  
Warranties and  
Covenants**

If the appropriate amount is not wired on time, GMAC-RFC will charge a late payment fee. This fee will equal the amount due multiplied by the "[Prime Rate](#)" plus 3% multiplied by the number of days overdue divided by 365. The term "Prime Rate" shall mean the highest quoted Prime Rate printed in *The Wall Street Journal* in its regular column "Money Rates" on the first [Business Day](#) of the month in which the payment was due and not paid. If the Prime Rate is not available, GMAC-RFC will determine a comparable rate.

### (F) Substitution

Instead of requiring the Client to repurchase a Loan as provided above, GMAC-RFC, at its sole discretion, may allow the Client to substitute another Loan satisfactory to GMAC-RFC in place of the original Loan, within 10 days of notification by GMAC-RFC, unless otherwise notified. If the substituted Loan contains terms different from those of the Loan that it is replacing, a purchase price adjustment will be calculated by GMAC-RFC based on market changes and Loan characteristics. Every Loan substituted will be subject to all agreements, terms, conditions, representations and warranties in this Client Guide as of the [Substitution Date](#).

In the event a Loan is eligible for purchase by GMAC-RFC but the servicing is ineligible for purchase by GMAC-RFC, the Loan will be purchased and the sale of servicing denied. GMAC-RFC will not allow the Client to substitute another servicing released Loan.

### (G) Cost of Transfer Fees Due to Repurchase

The Client agrees that, if it is required to repurchase a Loan and the related Servicing, it will pay all documentary stamp taxes, recording fees, transfer taxes and all other expenses payable in connection with the repurchase and will indemnify and hold harmless GMAC-RFC and the [Designated Servicer](#) against all losses, costs and expenses, including attorney fees, resulting from such required repurchases or the breach giving rise hereto.

### (H) Notice and Appeal

The Client may appeal GMAC-RFC's decision by providing any additional information or documentation it believes may affect GMAC-RFC's determination.

Send all notifications and appeals to:

GMAC-RFC  
One Meridian Crossings  
Suite 100  
Minneapolis, MN 55423  
Attention: Repurchase Management

Such information and documentation must be received within 30 days after the Client's receipt of a repurchase letter or similar written notification from GMAC-RFC. GMAC-RFC will review all appeals and advise the Client in writing of the appeal decision. GMAC-RFC will in its sole discretion determine the validity of any appeal filed by the Client. If GMAC-RFC's decision remains firm following an appeal, the Client shall repurchase the Loan and its servicing (if the Loan was sold servicing released) within 10 days of notification by GMAC-RFC, in writing, that the appeal has been denied.

## GMAC-RFC

- (17) The Client or Servicer's failure to maintain a qualified Loan origination, servicing and quality control staff, an acceptable ongoing quality control program, adequate facilities and written policies and procedures to ensure:
- The investment quality of Loans sold to GMAC-RFC
  - The adequacy of the servicing of Loans purchased by GMAC-RFC **OR**
- (18) The failure of the Client or the Servicer to meet any test as may be prescribed for eligibility,
- (19) The determination by GMAC-RFC that a Client has not delivered an adequate volume of Loans to GMAC-RFC.

### A212

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#### Indemnification

The Client shall indemnify GMAC-RFC from all losses, damages, penalties, fines, forfeitures, court costs and reasonable attorneys' fees, judgments, and any other costs, fees and expenses resulting from any Event of Default. This includes, without limitation, liabilities arising from (i) any act or failure to act, (ii) any breach of warranty, obligation or representation contained in the Client Contract, (iii) any claim, demand, defense or assertion against or involving GMAC-RFC based on or resulting from such breach, (iv) any breach of any representation, warranty or obligation made by GMAC-RFC in reliance upon any warranty, obligation or representation made by the Client contained in the Client Contract and (v) any untrue statement of a material fact, omission to state a material fact, or false or misleading information provided by the Client in information required under Regulation AB or any successor regulation.

In addition, Client shall indemnify GMAC-RFC against any and all losses, damages, penalties, fines, forfeitures, judgments, and any other costs, fees and expenses (including court costs and reasonable attorneys' fees) incurred by GMAC-RFC in connection with any litigation or governmental proceeding that alleges any violation of local, State or federal law by Client, or any of its agents, or any originator or broker in connection with the origination or servicing of a Loan. With regard to legal fees or other expenses incurred by or on behalf of GMAC-RFC in connection with any such litigation or governmental proceeding, Client shall reimburse GMAC-RFC for such fees and expenses. Reimbursement shall be made directly to GMAC-RFC within ten days of receipt of a request for payment, which request shall include copies of the relevant invoices. Except for notices for reimbursement, GMAC-RFC is not required to give Client notice of any litigation or governmental proceeding that may trigger indemnification obligations. Client shall instruct its officers, directors and agents (including legal counsel) to cooperate with GMAC-RFC in connection with the defense of any litigation or governmental proceeding involving a Loan. GMAC-RFC has the right to control any litigation or governmental proceeding related to a Loan, including but not limited to choosing defense counsel and making settlement decisions.

The Client also shall indemnify GMAC-RFC and hold it harmless against all court costs, attorney's fees and any other costs, fees and expenses incurred by GMAC-RFC in enforcing the Client Contract. The obligations of the Client under this Section shall survive the Delivery Date, the Funding Date (and each Substitution Date, if applicable) and the termination of the Client Contract and the disqualification, suspension or inactivation of the Client.